

A HISTORY OF THE AMERICAN TARIFF

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A HISTORY
OF THE
AMERICAN TARIFF

1789-1860

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EDITION OF THE
AUTHOR

BY

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PREFACE.

THIS sketch of the American tariff does not give any new facts in the history of that subject during the period covered. It is only a gathering together of some of the main events of that history. It is written from the point of view of no political party. And it closes with the opening of the Civil War period because that was the beginning of a new era. The legislation from 1789 until 1860 was, strictly speaking, experimental in character, and as a result it was continually changing from a policy of protection to one of revenue only, or the reverse. It required all these years—almost three-quarters of a century—for the country to decide which of these policies it really wished to adopt and retain. But comparing its experience under the one with that under the other, it turned to the policy of protection and has adhered to it for a period now half as long as the experimental one. New tariff laws making various changes have during this time been passed, it is true. But the principle of a tariff for the protection of home industries, as well as for revenue, has not yet been abandoned. Whether or not it will be, and if so how soon, is a subject on which every one has or is supposed to have an opinion. It will not be discussed here.

E. C. L.



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THE AMERICAN TARIFF.

CHAPTER I.

THE FIRST TARIFF ACT.

THOSE were dark times when the first Congress under the Constitution met, April 6, 1789, the date on which a quorum first appeared. The adoption of the new instrument of government and the election of Washington had not of themselves mended and would not mend all the ills of the country. A great step toward that end had been taken, but something more was needed. For one thing, the financial condition of the country was sunk so low as to demand immediate attention from Congress. Poverty was written on the face of more than one member, as well as on the door of the public treasury, says Professor Bolles.¹ There was great depression in business affairs everywhere, and a great number of petitions praying for relief had been sent to Congress from all parts of the country. These petitions affirmed that competition with the foreign trader had been the cause of this demoralization of business, and united in asking the general government to adopt protective measures.

1. "Financial History of the United States," II., 73.

That sent by the business men of Baltimore¹ will show the general character of these communications:

To the President and Congress of the United States, the petition of the tradesmen, mechanics, and others of the town of Baltimore humbly sheweth:

That, since the close of the late war, and the completion of the Revolution, your petitioners have observed, with serious regret, the manufacturing and trading interests of the country rapidly declining, while the wealth of the people hath been prodigally expended in the purchase of those articles from foreigners which our citizens, if properly encouraged, were fully competent to furnish.

To check this growing evil, applications were made by petitions to some of the state legislatures; these guardians of the people in the several states interposed their authority; laws were by them enacted with the view of subduing, or at least diminishing the rage for foreign, and encouraging domestic manufactures; but the event hath clearly demonstrated to all ranks of men that no effectual provision could reasonably be expected until one uniform, efficient government should pervade this wide-extended country.

The happy period having now arrived when the United States are placed in a new position; when the adoption of the general government gives one sovereign legislature the sole and exclusive power of laying duties upon imports; your petitioners rejoice at the prospect this affords them, that America, freed from the commercial shackles which have so long bound her, will see and pursue her true interest, becoming independent in fact as well as in name; and they confidently hope that the encouragement and protection of American manufactures will claim the

1. "American State Papers, Finance," I., 5. Other petitions are also there given.

earliest attention of the supreme legislature of the nation; as it is an universally acknowledged truth that the United States contain within their limits resources amply sufficient to enable them to become a great manufacturing country, and only want the patronage and support of a wise, energetic government.

Your petitioners consider it unnecessary to multiply arguments to so enlightened a body as the one they have now the honor of addressing, to convince them of the propriety and importance of attending to matters so obviously necessary and, indeed, indispensable; as every member must have observed and lamented the present melancholy state of his country; the number of her poor increasing for want of employment; foreign debts accumulating; houses and lands depreciating in value; trade and manufactures languishing and expiring. This being a faint sketch of the gloomy picture this country exhibits, it is to the supreme legislature of the United States, as the guardians of the whole empire, that every eye is now directed; from their united wisdom, their patriotism, their ardent love of their country, your petitioners expect to derive that aid and assistance which alone can dissipate their just apprehensions, and animate them with hopes of success in future, by imposing on all foreign articles which can be made in America such duties as will give a just and decided preference to their labors and thereby discountenancing that trade which tends so materially to injure them and impoverish their country, and which may, also, in their consequences, contribute to the discharge of the national debt, and the due support of the government.

Your petitioners take the liberty to annex a list of such articles as are, or can be, manufactured in this place, on moderate terms; and they humbly trust that you will fully consider their request, and grant

them, in common with the other mechanics and manufacturers of the United States, that relief which, in your wisdom, may appear proper.

The list referred to numbers about one hundred and twenty-five articles of all kinds, from hair powder to ships, after which come the names of the petitioners, about one hundred and forty in all.

In compliance with the requests contained in these petitions, Mr. Madison on April 8, two days after the counting of the electoral vote, introduced into the House a bill levying certain duties on goods, wares, and merchandise imported into the United States, and on the tonnage of vessels bringing them into the country. The preamble declared such an act to be "necessary for the support of the United States and the encouragement and protection of manufacturers." In introducing this bill Mr. Madison urged its speedy adoption in the following language:¹

The deficiency in our treasury has been too notorious to make it necessary for me to animadvert upon that subject. Let us content ourselves with endeavoring to remedy the evil. To do this a national revenue must be obtained; but the system must be such a one that, while it secures the object of revenue, it shall not be oppressive to our constituents. Happy it is for us that such a system is within our power; for I apprehend that both these objects may be obtained from an impost on articles imported into the United States.

In pursuing this measure, I know that two points occur for our consideration. The first respects the

1. Benton's "Abridgment of the Debates of Congress," I., 22.

general regulation of commerce; which, in my opinion, ought to be as free as the policy of nations will admit. The second relates to revenue alone; and this is the point I mean more particularly to bring into the view of the committee.

Not being at present possessed of sufficient material for fully elucidating these points, and our situation admitting of no delay, I shall propose such articles of regulations only as are likely to occasion the least difficulty.

The propositions made on this subject by Congress in 1783, having received, generally, the approbation of the several states of the Union, in some form or other, seem well calculated to become the basis of the temporary system which I wish the committee to adopt.¹ I am well aware that the changes which have taken place in many of the states and in our public circumstances since that period will require, in some degree, a deviation from the scale of duties then affixed; nevertheless, for the sake of that expedition which is necessary in order to embrace the spring importations, I should recommend a *general* adherence to the plan.

This, sir, with the addition of a clause or two on the subject of tonnage, I will now read and, with leave, submit it to the committee, hoping it may meet their approbation as an expedient rendered eligible by the urgent occasion there is for the speedy supplies of the federal treasury, and a speedy rescue of our trade from its present anarchy.

The resolution proposed duties on rum and all other spirituous liquors; on molasses; on Madeira

1. The scale of duties offered by the Continental Congress of 1783, which had been recently agreed to by all the states except New York, proposed small specific duties on a few enumerated articles (wines, spirits, teas, cocoa, molasses, sugars, and pepper) and an *ad valorem* duty of five per cent upon all other goods, computed on the value of the article at the time and place of importation.

and all other wines; on common bohea teas and all other teas; on pepper; on brown, loaf, and all other sugars; on cocoa and coffee; and on the value of all other articles at the time and place of importation. It also recommended tonnage duties on all vessels in which merchandise should be imported, the rate to vary according as the vessels belonged to citizens of the United States, to subjects of powers with whom the United States had formed treaties, or partly to subjects of such powers and partly to citizens of the United States, or on vessels belonging wholly or in part to the subjects of other powers. The rates on these different items were not specified in the resolution, but were to be inserted as the committee should agree upon them.

Full and trustworthy statistics were wholly lacking, and for this reason some thought a uniform *ad valorem* duty would be best to begin with. The measure proposed, as Madison said, was merely temporary, the intention being to replace it as soon as possible by a more perfect one. As the debate progressed, however, it was seen that the people were making known their wishes to the members of Congress. The debates in the House on this first tariff bill bring out fairly well most of the arguments since used.¹ According to Hildreth² the only point not brought out that has since been used was that of the want of power in the

1. Schouler, "History of the United States," I., 87; ed. of 1880.

2. "History of the United States," IV., 65; rev. ed. of 1851.

federal government to lay duties for protection.¹ Agricultural and manufacturing interests clashed somewhat. The leading manufacturing states, Massachusetts and Pennsylvania, naturally wished their interests protected, and the bill was so shaped.

A statement made by Mr. Madison after the debate had been going on for some time is interesting as showing the position taken by him and by many others at the time regarding protection. He said: "If my general principle is a good one, that commerce ought to be free, and labor and industry left at large to find their proper object, the only thing which remains will be to discover the exceptions which do not come within the rule I have laid down. . . . Although the freedom of commerce would be advantageous to the world, yet, in some particulars, one nation might suffer to benefit others, and this ought to be for the general good of society."

The debate continued in committee of the whole House on the state of the Union until May 16. "No other subject," says Mr. Gay,² "could have been hit upon to test so thoroughly the strength of the new bond of union. It was to brush aside all those trade regulations in the several states which each had hitherto thought essential to its prosperity. Every interest

1. The debate may be found in "The Annals of Congress," and in Benton's "Abridgment;" a brief outline as regards particular articles in Schouler, *loc. cit.*, and one somewhat fuller in Hildreth, *loc. cit.*

2. "James Madison," in "The American Statesmen Series," p. 133.

in the country was to be considered, and their different, sometimes opposing, claims were to be reconciled."

On May 16 a bill was formulated from the various resolutions fixing the rates on different articles which had been adopted by the committee during the discussion. It was taken to the Senate on Monday, May 18, and the following Thursday was assigned for it. On that day it was postponed until the 25th. Senator Maclay of Pennsylvania says:¹ "The idea has got abroad that the mercantile interest has been exerted to delay this bill. The merchants have undoubtedly regulated the prices of their goods agreeably to the proposed duties, so that the consumers of dutied articles really pay the whole impost; and whatever the proposed duties exceed the state duties² now paid is clear gain to the merchant. Some of them, indeed, dispute the payment of the state impost."

On the 25th he writes: "We sat on the impost bill, and debated long on the style of *the enacting clause*. It was an old field, and the same arguments were used which had formerly been advanced; but the style of the law, which had already passed, was adopted. Now came the first duty of 12 cents on Jamaica proof. We debated until a quarter past

1. "Sketches of Debates in the First Senate of the United States," p. 55. The Senate sat with closed doors until February 20, 1794, previous to which date there is no report of its debates except such as Mr. Maclay's.

2. Under the Articles of Confederation each state levied its own tariff duties.

three; and it was reduced to 8. Adjourned. I fear that our impost bill will be rendered in a great measure unproductive. This business is the work of New England men. They want the article of molasses¹ quite struck out, or a least greatly reduced; therefore they will strike out everything; or, to place it in a different point of view, almost every part will be proscribed either by one or other of those who choose to be opponents, for every conspirator must be indulged in the sacrifice of his particular enemy."

Discriminations in favor of nations having commercial treaties with the United States occupied all the time on the 26th, and carried by a vote of four. "All the arguments of the other House were repeated over and over," says Maclay. The discussion of the bill was continued daily, on June 9 being conducted "with less order, less sense, and less decency, too, than any question I have ever yet heard debated in the Senate."² On the 11th there was a lengthy debate on drawbacks. "Butler³ flamed away, and threatened the dissolution of the Union with regard to his state, *as sure as God was in the firmament*. . . . His state would live free or die glorious."

On the conclusion of the debate Maclay writes: "The senators from New Jersey, Pennsylvania, Delaware, and Maryland, in their every act, seemed de-

1. Molasses was imported from the West Indies for the making of New England rum.

2. Maclay, loc. cit., p. 75.

3. Of South Carolina.

siours of making the impost productive, both as a revenue, and effective for the encouragement of manufactures; and seemed to consider the whole of the imposts (salt excepted) much too low. Articles of luxury, many of them would have raised one-half. But the members both from the north and, still more particularly, from the south, were ever in a flame when any articles were brought forward that were in any considerable use among them."

The bill was much changed in passing through the Senate, so much so that the House refused to agree to the amendments there made. Committees of conference were appointed to reconcile these differences, and on June 27 it was reported to the House that they had adopted the Senate bill with a few amendments. The lower House agreed to this, though with considerable reluctance on some points,¹ and the bill was signed by the president on July 4. It was not only the first tariff act, but the first revenue act of any kind passed after the organization of the government under the Constitution. Although the bill occupied less than three pages of the proceedings, it named quite a long list of articles, as will be shown later, on which specific duties were levied, and imposed *ad valorem* rates on five classes of goods. It enumerated a short list of articles to be admitted free of duty; provided for the repayment of all duties, less one per cent, upon goods again ex-

1. Hildreth, IV., 97.

ported, and discriminated in favor of commodities coming in vessels owned in the United States.

The letters of Madison contain many interesting references to the debate on this bill. On May 9 he wrote to Jefferson:¹ "The deliberations of the House of Representatives have been mainly employed on the subject of an impost. Opinions have been considerably divided on the quantum of duties that would be practicable, and, in some instances, on the ratio of the different duties likely to operate differently in different States that would be just. In general, the interests and ideas of the Northern and Southern States have been less adverse than was predicted by the opponents or hoped by the friends of the new Government. Members from the same State, or the same parts of the Union, are as often separated on questions from each other as they are united in opposition to other States or other quarters of the continent. This is a favorable symptom. The points on which most controversy has been raised are: 1st. The duties on molasses. 2nd. The discrimination between nations in and those not in Treaty. The arguments against what appears to be a proportionate duty on molasses to that of rum turned on its disproportion to the value of the article; the effect on the trade in it, which yields the only market for certain exports from the Eastern States; the effect on the

1 Madison's "Works" ("Letters and Other Writings"), I., 463.

fisheries, in which both rum and molasses are consumed; and, finally, the effect on the poor in that part of the Union where the latter enters into their ordinary diet. The opposite arguments have been, that a proportion to the duty on rum was essential to the productiveness of the fund, as well as to the rules of justice as applied to different States, some of which would consume foreign and some country rum; that if the proportion was not violated, the trade in molasses would not be affected nor the distilleries injured; that the effect on the fisheries would be too small to be felt; and that the poor who consume molasses would escape the burden falling on the poor who consume sugar. . . . It will become a serious question whether a general reduction of the rates shall be made or not, on the idea of the danger of smuggling. The distinction between the nations in and not in Treaty has given birth to three distinct and urgent debates. On the last, the minority was very small for putting Great Britain at once on the same footing with the most favored nation. This policy, though patronized by some respectable names, is chiefly abetted by the spirit of this City,¹ which is steeped in Anglicism. It is not improbable, from the urgency of its representative, that a further effort may yet be made."

On May 17 he wrote to Edmund Pendleton: "The progress of our new revenue system continues to be

1. New York, then the seat of government.

slow. The bill rating the duties is still with the Senate. It is said that many alterations will be proposed, consisting of reductions chiefly. It is said, also, that the proposition for putting Great Britain on the same footing with our Allies in all respects, prior to a treaty with her, will have a majority in that House, and will undergo another agitation in the House of Representatives. It had before three trials in the latter, but it lost ground in each, and finally was in a minority of nine or ten against near forty. I think it is an impolitic idea as it relates to our foreign interest, and not less so, perhaps, as it relates to the popular sentiment of America, particularly of Virginia, and still more particularly of that part of it which is already most dissatisfied with the new Government."

There are one or two passages worth noting in a letter written by William Grayson¹ to Patrick Henry on June 12: "Inclosed you have the bill for imposts, by which you will see there is a great disposition here for the advancement of commerce and manufactures in preference to agriculture. I have marked all the amendments made in the Senate which I at present recollect. The bill with the amendments is before the lower house; you will easily perceive the ascendancy of the eastern interest by looking at the molasses, which is reduced from 2½

1. "Patrick Henry; Life, Correspondence, and Speeches," by William Wirt Henry, III., 392. Mr. Grayson was then one of the senators from Virginia.

cents, while salt continues at six, and with an allowance of a drawback on their fish, &c."

A little further on in the same letter he says: "The raising of money by impost has been thought very favorably of throughout America; I am, however, of opinion that considering the extent of our coasts, the impossibility of preventing smuggling, that it will be found on experiment to be the most expensive mode of raising money that could have been devised. Satisfied I am that it will be particularly injurious to the Southern States, who do not and cannot manufacture, and must therefore pay duties on everything they consume. The cry here is, raise everything in this way; and to be sure this is good policy with the States east of Maryland; some of the other States join in the cry, not because it is their interest, but because they are afraid of trying any other mode of taxation."

Specific duties were fixed by the act at 8 and 10 cents per gallon on spirits; 10 to 18 cents on wines; 5 cents on beer, ale, and porter in casks; 20 cents per dozen on the same if in bottles; $2\frac{1}{2}$ cents per gallon on molasses; 1 to 3 cents per pound on sugar; 6 to 20 cents on teas imported in American vessels from India and China; 8 to 26 cents per pound on teas imported from Europe in American vessels; 15 to 45 cents on teas imported in any other manner; 50 cents per pair on boots; 7 cents per pair on leather

shoes, and 10 cents on shoes of silk; 75 cents per 112 pounds on cables and tarred cordage, and 90 cents if untarred; \$2 per 112 pounds on twine and pack thread; 56 cents per 112 pounds on unwrought steel; 1 cent per pound on nails and spikes; 6 cents per pound on manufactured tobacco; 60 cents per 112 pounds on hemp; 3 cents per pound on cotton; 50 cents per dozen on wool and cotton cards; 2 cents per bushel on coal; 75 cents per barrel on pickled fish, and 50 cents per quintal on those dried; 6 cents per bushel on salt; $2\frac{1}{2}$ cents per pound on coffee; 1 cent per pound on cocoa; 16 cents per pound on indigo; 10 cents per pound on snuff; 4 cents per pound on cheese; 2 cents per pound on tallow candles and soap; 6 cents per pound on candles of wax or spermaceti; and 10 cents per pack on playing cards.

Ad valorem duties were levied as follows: On all forms of glass except black quart bottles, on china-, stone-, and earthenware, gunpowder, paints ground in oil, shoes and knee buckles, gold and silver lace, gold and silver leaf, 10 per cent.

On all writing, printing, or wrapping paper, paper hangings, and pasteboard, cabinet wares, buttons, saddles, gloves of leather, $7\frac{1}{2}$ per cent.

On hats of fur, wool, or beaver, millinery ready-made, castings of iron, slit and rolled iron, tanned or tawed leather, leather goods, canes, walking sticks,

whips, ready-made clothing, brushes, gold, silver, and plated ware, jewelry and paste work, anchors, wrought, tin, and pewter ware, $7\frac{1}{2}$ per cent.

On every coach, chariot, or other four-wheeled carriage, and on every chaise or other two-wheeler, or any part of these, 15 per cent.

On all other goods, wares, and merchandise, 5 per cent on the value thereof at the time and place of importation, except the following free list: saltpetre, pig and plate tin, lead, old pewter, brass, iron, brass wire, copper in plates, wool, cotton, dyeing woods and dyeing drugs, raw hides, beaver, and all other furs and deer skins.

The discount allowed from the above rates on goods coming in American vessels was 10 per cent. The act was to go into effect on August 1 and to remain in effect until June 1, 1796, and from thence until the end of the next succeeding session of Congress, and no longer. The average of duties levied equaled an *ad valorem* rate of $8\frac{1}{2}$ per cent, and the net amount collected on imports and tonnage from August 1 to December 31, 1789, was \$768,797.40.

Being the first move in the direction of taxing imports, the act of 1789 was largely experimental in character. Unquestionably one purpose it was intended to serve was the production of revenue. But the preamble goes further and speaks of the *encouragement and protection of manufactures*. It reads

as follows: "Whereas it is necessary for the support of the government, for the discharge of the debts of the United States, and the encouragement and protection of manufactures, that duties be laid on goods, wares, and merchandise imported, Be it enacted," etc. So absolutely necessary were these purposes deemed that not a solitary voice was raised against them.

"In the whole history of tariff legislation in this country it is the only law that was thus openly passed for the protection of American industry. For prudential reasons this form of preamble was changed, and tariff enactments have on their face since been for the purpose of revenue only."¹ Even the "McKinley Bill," which many hold to be an extreme protection measure, calls itself "an act to reduce the revenue."

"It is not a little remarkable," says Justice Story,² "that the culture of cotton was just then beginning in South Carolina; and her statesmen then thought a protecting duty to aid agriculture was in all respects proper and constitutional."

Did this act encourage and protect manufactures? Later generations of statesmen down to the present day have, as one answer to the denial of the constitutional right to enact protective duties, pointed to the preamble and said, "Thus our fathers understood

1. Lalor's "Cyclopedia of Political Science," III., 858.

2. "Commentary on the Constitution," sec. 1092, note 4, 5th edition.

it." On the other hand must be placed the fact that throughout the debate the members of that first Congress show their main purpose to have been the raising of revenue. The need of money was so pressing if current expenses and past obligations were to be honorably met, that any other consideration was, at least for the time being, a secondary matter. As such, protection was discussed and duties were adjusted to afford it; for, as Mr. Madison said, the states which were ripe for manufactures could rightfully claim that their particular interests be attended to. "One object in adjusting duties to afford protection, as well as to obtain revenue, was to reconcile the states to the new revenue system by the promise of the advantage which protection held out to them; and it was also believed to be good policy to develop every resource of the country essential to its support, to the end that it need not be dependent for supplies upon any foreign market."¹

Under this act both specific and *ad valorem* duties were very low. Unwrought steel, for instance, was rated at 56 cents per 112 pounds. This, as Hamilton pointed out in a report to Congress² in the following April on the operation of the act, at an average cost of the article, was then less than the five per cent *ad valorem* rate levied on all goods not specially named in other parts of the act. As an enumerated ar-

1. Landon, "Constitutional History and Government of the United States," p.93.

2. See his "Works," edited by his son, III., 55.

ticle it was to be presumed that Congress intended to rate it higher than five per cent, "especially as a higher rate would be in favor of the manufacture of it among ourselves, in which considerable progress has been made, especially in the state of Pennsylvania." The highest *ad valorem* rate was 15 per cent. But while the rates fixed upon were low, the freights of the time were high. This fact of itself tended to protect American industry to a great degree.¹

What were the industrial conditions of the time? They were then and for nearly twenty years afterwards practically the same as in the Colonial period.² The people in the main continued in the same lines of work their fathers had followed. By the census of 1790 the population fell a little short of 4,000,000, including 700,000 slaves. The occupation of by far the greater number of the people was agriculture. In New England, according to Franklin,³ "calculations carefully made do not raise the portion of property or the number of men employed in manufactures, fisheries, navigation, and trade to one-eighth of the property and people occupied by agriculture, even in that commercial quarter." And at the same

1. Hart, "Formation of the Union," in "Epochs of American History" series, p. 147.

2. Taussig, "Tariff History of the United States," p. 8.

3. Address before the "Society for Political Enquirers" of Philadelphia, May 11, 1789. Quoted by Adams, "Taxation in the United States, 1789-1816," p. 10 (Johns Hopkins University Studies, II., 272).

time Tench Coxe¹ estimated that in 1787 nine-tenths of the people in the whole country were engaged in the latter occupation. The congressional debates of the time show the members of the body were aware of this fact. Commerce was next in importance; but occupations closely allied with agriculture (those of the various artisans, as blacksmiths, carpenters, masons, shoemakers, and others) gave employment to most of those people not actually engaged in it.²

Division of labor, as the term is used to-day, was then little known. Many articles used in the home and on the farm were made in the country, but as a general thing only those which could not be imported. There was in the country neither skill nor capital for carrying on manufacturing. The only exception was shipbuilding, which was stimulated by the commercial interests. As a consequence imports were very largely paid for by the exports of agricultural products.³ The only manufactures sent out of the country were those but "one step removed from raw material, as for example, flour made from wheat, or snuff from tobacco."⁴ Of this character also were New England rum and Pennsylvania beer, both of which were made very extensively. The scarcity of black quart bottles needed for the latter explains why the ten per

1. "View of the United States," p. 6.

2. Taussig, *loc. cit.*

3. Taussig, *loc. cit.*, p. 9.

4. Adams, *loc. cit.*, p. 274.

cent duty levied on all other forms of glassware was not applied to them.

England was rapidly developing her manufactures, and her trade with this country increased until it became very important. But for several years the United States did not respond to this influence for improved methods in manufacturing. These facts and others like them were known to the members of the first Congress, and they recognized in addition, as Professor Adams has pointed out,¹ a fact which some of their critics do not—that the treaty of Versailles, which had gained them political independence, had set them outside the course of English commerce and materially disturbed their old trade relations.

As to the political origin of the doctrine of protection Professor Adams says:² “The ‘American system’ of protection took its rise out of the struggle of contradictory purposes which the record of the first twenty-five years of the national existence discloses—a system which, looked at in its inception and growth, must be regarded as the formulated purpose of this people to throw off completely the yoke of colonial dependence. The theory of interpretation, therefore, which alone can give unity to this first period of revenue history is that the protective purpose was a subordinate part of a prominent and strong political purpose, and he who undertakes to explain it from

1. Loc. cit., p. 275.

2. Loc. cit., p. 281.

the standpoint of trade interests alone can never hope to touch bottom.”

Closely connected with this tariff act and passed about the same time, was one laying discriminating duties on tonnage. American vessels were charged a duty of six cents a ton, and foreign vessels fifty; those owned partly in the United States and partly abroad, thirty. American fishing and coasting vessels were to pay but once a year; but foreign vessels, if employed in the coasting trade, from which it was thought expedient not to entirely exclude them, were to pay a new tonnage duty upon every entry.

North Carolina and Rhode Island had not yet ratified the Constitution, and consequently occupied the position of foreign states. But special enactments were made exempting their agricultural and manufactured products from foreign duties. And further, until January 15, 1790, their vessels were to be allowed the same privileges as those belonging to the United States.

CHAPTER II.

HAMILTON AND THE TARIFF.

THE act establishing the treasury department was not passed by Congress until September 2, 1789, and on the 11th Alexander Hamilton received his commission as secretary. On the 21st the House of Representatives passed a series of resolutions asking him to report to that body such measures as he should deem expedient for providing for the national debt and for sustaining the public credit. He at once set about the task, and on January 14, 1790, made his first report on the public credit. Upon his notifying the House that he was ready to offer it, there was considerable debate as to whether it should be received orally or in writing, and the latter method was adopted. That body, well knowing the great personal magnetism and persuasive powers of the man, doubtless hesitated to place itself under their direct influence. Thus was established a precedent which has ever since been followed.

“It was in this report,” says Henry Cabot Lodge,¹ “that Hamilton entered upon the most important part

1. “Alexander Hamilton” in “American Statesmen” series, p. 88.

of his career, and at the same time upon the period in which he impressed his individuality strongly upon the history and development of the United States. The first report on the public credit was not only the beginning of a remarkable financial scheme, which achieved a brilliant practical success, but with its successors which came quickly after it from the fertile mind at the head of the treasury, it carried out a far-reaching policy which affected, as it came to maturity, the character of the whole government, built up and welded together a powerful party, and founded a school of political thought which still endures and has always exercised a profound influence on our material growth and our political and constitutional system."

In this report¹ he advocated a proper provision for and funding of the national debt, and the assumption of the state debts. The foreign debt amounted, with arrears of interest, to \$11,710,378.62; the domestic to \$40,414,085.94. To this should be added the unliquidated part of the domestic debt, estimated at \$2,000,000. On these the yearly interest amounted to \$4,587,444.81, which sum also includes that on the state debts. Omitting these last, a yearly income of \$2,239,163.09 would be needed for the payment of interest, to which should be added \$600,000 per

1. See his "Works," edited by John C. Hamilton, III., 33 foll.; same, edited by Lodge; "American State Papers, Finance," I., 22 foll.; Morse's "Life of Alexander Hamilton," I., ch. viii.

annum for the current expenses of the government.¹

These sums Hamilton thought might be obtained from the present duties on imports and tonnage, with the additions which, without any possible disadvantage to trade or agriculture, might be made on wines, spirits (including those distilled in the United States), teas, and coffee. The duties on these articles he thought it would be sound policy to put as high as would be consistent with the practicability of safe collection. That they would bear high duties better than most others he thought could hardly be questioned. They are all really luxuries, most of them foreign, and some pernicious if used to excess. "And there is perhaps none of them which is not consumed in so great abundance as may justly denominate it a source of national extravagance and impoverishment." Should increase of duties tend to decrease of consumption, the effect would be in every way desirable. But such decrease would probably not be so great as to frustrate the expected benefit to the revenue from raising the duties. To other reasons for putting as high duties on these articles as they would carry might be added those that they were of a nature, from their extensive consumption, to be very productive, and were among the most difficult to smuggle.

1. For the fiscal year ending June 30, 1893, the total revenue of the government was \$385,818,629. The total ordinary expenditures for the same year amounted to \$383,477,954.

As to the mode of collecting duties on these articles, he thought a duty on importations best for two reasons: first, that meeting the object at its first entrance into the country, the collection is drawn to a point, and so far simplified; second, that it avoids the possibility of interference between the regulations of the United States and those of the particular states. To prevent smuggling he advocated a second or interior scrutiny—the pursuit of an article from its importation into the hands of the dealers, whereby the risk of detection would be so greatly increased that few would venture to incur it. Such a system introduced in some shape or other he thought essential to the efficacy of every attempt to render the revenues of the United States equal to their exigencies, their safety, their prosperity, their honor.

He therefore recommended that the duties on wines, distilled spirits, teas and coffee levied by the act of July 4, 1789, should cease with the last day of the next May; and that instead of them the following be levied:

On wines and distilled spirits, according to proof, 20 to 40 cents per gallon.

On teas, 12 to 40 cents per pound.

On coffee, 5 cents per pound.

On spirits distilled in the United States from molasses, sugar, or other foreign materials, 11 to 30 cents per gallon.

On spirits distilled within the United States in any city, town, or village, from domestic products, 9 to 25 cents per gallon.

On all stills in any other place than a city, town, or village, distilling spirits from domestic products, 60 cents yearly for every gallon of capacity of each still.

The net product of duties proposed in this report Hamilton estimated at about \$1,703,400, which, if near the truth, would, with the probable product of duties on imports and tonnage, complete the sum required. The duties on distilled spirits he proposed should be applied in the first place to the payment of the interest on the foreign debt; the remainder, after deducting \$600,000, together with other duties, to be applied to the payment of interest on the new loan (\$12,000,000) recommended in another part of the report.

This report was first given to the public on February 2. The effect was immediate. Certificates of the national debt advanced with great rapidity from fifteen cents on the dollar, or even less, to fifty. And the probability now was that those having enough confidence to buy and hold would in the end double their money. Consequently there was a great scramble on the part of speculators to buy up as many of these certificates as possible at a low figure. The House took up the report for consideration on the

28th, and the debate lasted for several weeks. The funding and assumption recommendations were severely attacked, but finally adopted.

During the debate, on March 2, the House requested Hamilton to report the sources of revenue in contemplation for the payment of the assumed state debts, estimated at \$25,000,000. He reported¹ on the 4th, proposing an increase of the general product of the duties on goods imported by abolishing the discount of ten per cent allowed by the act of July 4, 1789, on goods imported in American vessels, with an addition of ten per cent on goods coming in foreign vessels, with certain exceptions. He also recommended additional duties on sugar, molasses, manufactured tobacco, pepper, pimento, spices, salt, and carriages; licenses on practicers of law, on certain law and other writings, and on sales at auction; and a tax on wines and spirits sold at retail. From all these sources he estimated an income of about \$1,150,000.

So much time was given to the subjects of funding and the state debts, with that of the location of the seat of government (which became allied with the latter), that Congress adjourned on August 12 without taking up the consideration of the tariff.

On December 13, in answer to a request made by the House on August 9, Hamilton sent to that body

1. See his "Works," edited by his son, III., 50; "American State Papers, Finance," I., 43.

his second report on the public credit,¹ suggesting other provisions which he thought necessary for its support. The most essential thing he held to be the providing of funds for the payment of the interest on the assumed state debts, amounting to \$826,624.73 per year. And as the best means of raising this sum he again recommended a duty on foreign distilled spirits imported, and also on spirits distilled within the country, the rates to be those suggested in his report made January 14. The total amount received from these sources he estimated at \$877,500, the excess over the interest, if any, to be applied towards increasing the sinking fund.

Objections to levying duties on importations are next noticed, and reasons given for advocating it. He says:

“Among other substantial reasons which recommend, as a provision for the public debt, duties upon articles of consumption in preference to taxes on houses and lands is this: It is very desirable, if practicable, to reserve the latter fund for objects and occasions which will more immediately interest the sensibility of the whole community, and more directly affect the public safety. It will be a consolatory reflection that so capital a resource remains untouched by that provision which, while it will have a very material influence in favor of public credit, will also be conducive to the tranquility of the public mind in respect to external danger, and will really operate as a powerful guarantee of peace. In proportion as

1. “Works,” III., 95; “American State Papers, Finance,” I., 64.

the estimation of our resources is exalted in the eyes of foreign nations, their respect for us must increase, and this must beget a proportionable caution neither to insult nor injure us with levity; while on the contrary the appearance of exhausted resources (which would perhaps be a consequence of mortgaging the revenue to be derived from land for the interest of the public debt) might tend to invite both insult and injury by inspiring an opinion that our efforts to resent or repel them were little to be dreaded."

On the great mass of imported articles he thought it evident the duties had reached as high a point as they would bear; and that it would be in every view inauspicious to give occasion for a supposition that trade alone is destined to feel the immediate weight of the hands of the government in every new emergency of the treasury. However true as a general proposition that the consumer pays the duty, yet it will not follow that trade will not be essentially distressed and injured by carrying duties on importations to a height which is disproportionate to the mercantile capital of a country. It may not only be the cause of diverting too large a share of it from the exigencies of business, but, as the requisite advances to satisfy the duties will in many, if not in most, cases precede the receipts from the sale of the articles on which they are laid, the consequence will often be sacrifices which the merchant cannot afford to make.

Now followed reports on the national bank and the mint, after which came the one perhaps most widely

known—that on manufactures. It was sent to the House on December 5, 1791, in reply to a request made January 15, 1790. Other duties and a desire to make as thorough a study of the subject as possible prevented Hamilton from reporting earlier. All of these were steps in the development of his financial policy. Lodge says¹ of this report that it was “the most elaborate, and economically the most important of all his reports, and at the same time the most far-reaching politically. It rested on the implied powers of the Constitution, and was intended to do more than anything else toward the development of the resources of the country, the purpose nearest Hamilton’s heart, and toward rendering the nation as strong and independent materially as in other ways.”

And Morse:² “In some respects it deserves to be regarded as the ablest of all his state papers. The basis was furnished by a knowledge as wide, thorough, and practical as has ever been brought to the discussion of this vexed question. The inferences and arguments constituted as able a presentation of the protectionist theory as has ever been made. Arguments have since that era been put into new forms, and a host of fresh similes and comparisons have been suggested. But the substance of the reasoning has received no material accession, and a report to the same

1. “Alexander Hamilton” in “American Statesmen” series, p. 108.

2. “Life of Alexander Hamilton,” I., 353.

purport as that of Hamilton could not be written to-day which should excel the one he drew up in 1791."

In opening the report¹ Hamilton refers to the change of opinion which had recently taken place in the country as to the expediency of protecting manufactures, though there were still some who were unfriendly toward such a policy. This change he attributed to various causes. The embarrassment of the foreign trade had led people to see the necessity for increasing the internal commerce. The European outlet for a great part of the surplus of agricultural products having been cut off, created a desire that a more extensive demand for it be made at home. And the complete success which had come to manufacturing enterprises already established seemed to justify this hope.

The chief arguments of those who opposed the encouragement of manufactures were: That in every country, and particularly in the United States, agriculture is the most beneficial and productive object of human industry, with which it is unwise to interfere; that to endeavor to force, by extraordinary government patronage, the growth of manufactures, would be to transfer the natural current of industry from a more to a less beneficial channel—would sacrifice general to particular interests; that it can hardly ever be wise for a government to try to give direc-

1. See his "Works," edited by J. C. Hamilton, III., 192; Taussig, "State Papers and Speeches on the Tariff," p. 1.

tion to the industry of its citizens, the soundest and simplest policy in almost every case being to leave the industry to itself, to the guidance of private interest. This policy is especially recommended to us by the smallness of our population as compared with our territory, and the consequent ease with which the dependent artisan can change to the more independent condition of the farmer. To these disadvantages should be added lack of pecuniary capital. Extensive manufactures can only be the offspring of a redundant, at least of a full population, and it is vain to hope for the former until the latter comes.

This mode of reasoning, said Hamilton, is founded upon respectable facts and principles. If it had governed the conduct of nations more generally than it has done, there is room to suppose that it might have carried them faster toward prosperity and greatness than they have attained by the pursuit of maxims too widely opposite. Most general theories, however, admit of numerous exceptions, and there are few if any of the political kind which do not blend a considerable portion of error with the truths they inculcate.

It ought readily to be conceded that the cultivation of the earth has intrinsically a strong claim to pre-eminence over every other kind of industry. But that it has a title to anything like an exclusive predilection in any country ought to be admitted with great

caution; that it is even more productive than every other branch of industry requires more evidence than has yet been given in support of the position. That its real interests will be advanced rather than injured by the due encouragement of manufactures may, it is believed, be satisfactorily demonstrated. And it is also believed that the expediency of such encouragement may be shown to be recommended by the most cogent and persuasive motives of national policy.

He then advances at considerable length arguments in support of this position, and enumerates the principal circumstances which go to show that the establishment of manufactures contributes much to the productive capacity of society. These are:

1. The division of labor.
2. An extension of the use of machinery.
3. Additional employment to classes of the community not ordinarily engaged in the business.
4. The promoting of emigration from foreign countries.
5. The furnishing greater scope for the diversity of talents and dispositions, which discriminate men from each other.
6. The affording a more ample and various field for enterprise.
7. The creating in some instances a new, and securing in all a more settled and steady demand for the surplus produce of the soil.

The policy of introducing manufactures into the United States was next considered.

“If the system of perfect liberty to industry and commerce were the prevailing system of nations, the arguments which dissuade a country in the predicament of the United States from the zealous pursuit of manufactures would doubtless have great force. It will not be affirmed that they might not be permitted, with a few exceptions, to serve as a rule of national conduct. In such a state of things each country would have the full benefit of its peculiar advantages to compensate for its deficiencies or disadvantages. If one nation were in a condition to supply manufactured articles on better terms than another, that other might find an abundant indemnification in a superior capacity to furnish the produce of the soil. And a free exchange, mutually beneficial, of the commodities which each was able to supply on the best terms, might be carried on between them, supporting in full vigor the industry of each. And though the circumstances which have been mentioned, and others which will be unfolded hereafter, render it probable that nations merely agricultural would not enjoy the same degree of opulence in proportion to their numbers as those which united manufactures with agriculture; yet the progressive improvement of the lands in the former might in the end atone for an inferior degree of opulence in the mean time; and in a case in which opposite considerations are pretty evenly balanced, the option ought perhaps always to be in favor of leaving industry to its own direction.

“But the system which has been mentioned is far from characterizing the general policy of nations. The prevalent one has been regulated by an opposite spirit. The consequence of it is that the United

States are to a certain extent in the situation of a country precluded from foreign commerce. They can indeed without difficulty obtain from abroad the manufactured supplies of which they are in want; but they experience numerous and very serious impediments to the emission and vent of their own commodities. Nor is this the case in reference to a single foreign nation only. The regulations of several of the countries with which we have the most extensive intercourse throw serious obstructions in the way of the principal staples of the United States.

“In such a state of things the United States cannot exchange with Europe on equal terms, and the want of reciprocity would render them the victim of a system which would induce them to confine their views to agriculture and to refrain from manufactures. A constant and increasing necessity on their part for the commodities of Europe, and only a partial and occasional demand for their own in return, could not but expose them to a state of impoverishment compared with the opulence to which their political and natural advantages authorize them to aspire.”

Another objection to a particular encouragement of manufactures in the United States was that if an industry were left to itself it would naturally find its way to the most useful and profitable employment—that manufactures would of themselves grow up as soon and as fast as the natural state of things and the public interests may require. To this Hamilton replies that the influence of habit and the spirit of imitation are hard to overcome. These cause men to give up old methods slowly, even after they see new ones which are much better. The fear of fail-

ing in attempts at new lines of work is perhaps a more serious impediment. More formidable than either of these are the difficulties of competing with those nations which have already attained superiority in a branch of industry which another may wish to take up. But the gréatest obstacle of all to the successful prosecution of a new branch of industry in a country in which it was before unknown consists, as far as the instances apply, in the bounties, premiums, and other aids which are granted in a variety of cases by the nations in which the establishments to be initiated are previously introduced. These must be overcome in addition to the natural disadvantages. It is therefore indispensable that those undertaking new industries should have the interference and aid of their own governments.

As other difficulties in the way of protection not to be overcome, scarcity of hands, dearness of labor, and want of capital were urged, but their influence he thought to be much exaggerated. In fact, it might have been a sufficient answer to all the arguments against the success of manufactures in America to have referred to what had already been done. Several important branches had grown up and flourished surprisingly, affording encouraging assurance of future success.

The final objection noticed is that a policy of encouragement to manufactures would tend to give a

monopoly of advantages to particular classes at the expense of the rest of the community, who would be able to procure the requisite supplies of manufactured articles on better terms from foreigners than at home; and who were reduced to the necessity of paying an enhanced price for whatever they want by every measure which obstructs the free competition of foreign commodities.

It is not, said Hamilton in reply, an unreasonable supposition that measures which serve to abridge the free competition of foreign articles have a tendency to increase prices, and such has been the effect in a number of cases; but the facts do not uniformly correspond with the theory. A reduction of prices has in several instances immediately succeeded the establishment of a domestic manufacture. But though the immediate effect were an increase in price, it is universally true that the contrary is the ultimate effect of every successful manufacture. When a domestic manufacture has attained to perfection and has engaged in the prosecution of it a competent number of persons, it invariably becomes cheaper. Being free from the heavy charges which attend the importation of foreign commodities, it can be afforded, and seldom fails to be sold cheaper in time than the foreign article for which it is a substitute. The internal competition which takes place soon drives away everything like monopoly, and by degrees reduces the

price of the article to the minimum of a reasonable profit on the capital employed. This reduction benefits everybody, and is particularly advantageous to farmers.

So much for the objections to the encouragement of manufactures. In support of such a policy Hamilton urges:

1. There seems to be a moral certainty that the trade of a country which is both manufacturing and agricultural will be more lucrative and prosperous than that of a country which is merely agricultural.

2. States which manufacture as well as cultivate offer more attractions of a diversified market to foreign customers and a greater scope to mercantile enterprise.

3. A circumstance perhaps not inferior to the other two has relation to the stagnations of demand for certain commodities which, at some time or other, interfere more or less with the sale of all. The nation which can bring to market but few articles is likely to be more quickly and sensibly affected by such stagnations than one which is always possessed of a great variety of commodities. Two important inferences are to be drawn from this: 1. That there is always a higher probability of a favorable balance of trade in countries in which manufactures founded on a thriving agriculture flourish, than in those confined wholly or almost so to agriculture. 2. Following from the

first, that countries of the former description are likely to possess more pecuniary wealth, or money, than those of the latter. And these conclusions appear to be supported by facts.

The opinion was frequently heard expressed that though the promoting of manufactures may be to the interest of a part of the Union, it was contrary to that of another part; that there was on this point a conflict between the manufacturing and agricultural sections. But this idea of such an opposition is a common error in the early history of every country, and is generally dissipated by experience. Mutual wants constitute one of the strongest links of political connection, and the extent of these bears a natural proportion to the diversity of the means of natural supply. Suggestions of an opposite complexion are ever to be deplored as unfriendly to the pursuit of one great common cause and to the perfect harmony of all the parts.

Up to this point (more than half the report) everything was preliminary to Hamilton's main purpose—the specification of the proper objects meriting or requiring encouragement, and the measures which it might be advisable to adopt in respect to each. And in order to a better judgment of the proper means to be used in the United States, he reviews those which had been successfully employed in other countries. The principal of these were:

1. Protecting duties, or duties on those foreign articles which are the rivals of those domestic ones intended to be encouraged. ✓

2. Prohibitions of rival articles, or duties equivalent to prohibitions.

3. Prohibitions of the exportation of the materials of manufactures.

4. Pecuniary bounties.

5. Premiums.

6. Exemption of the materials of manufactures from duties.

7. Drawbacks of the duties which are imposed on the materials of manufactures.

8. The encouragement of new inventions and discoveries at home, and of the introduction into the country of such as may have been made in other countries; particularly those which relate to machinery.

9. Judicious^u regulations for the inspection of manufactured commodities.

10. The facilitating of pecuniary remittances from place to place.

11. The facilitating of the transportation of commodities.

In the selection of the objects proper for encouragement, five circumstances seemed entitled to particular attention: the capacity of the country to furnish the raw material; the degree in which the nature of the

manufacture admits of a substitute for manual labor in machinery; the facility of execution; the extensiveness of the uses to which the article can be applied; and its subserviency to other interests, particularly the great one of national defense. But there are other objects to which these circumstances are little applicable which, for some special reasons, may have a claim to encouragement.

Manufactures of iron he held to be pre-eminently entitled to protection because they constituted so largely the implements or materials, or both, of almost every useful occupation, and for other reasons. Manufactures of copper (including brass) were also of great extent and utility. Lead, coal, articles made of wood and skins, and grain, he would also protect; likewise flax, hemp, cotton, wool, silk, glass, paper, gunpowder, books, refined sugars, and chocolate. On several of these bounties were recommended, as he thought the advantages, when they were rightly applied, more than counterbalanced the disadvantages.

As to the objection that a diminution of the revenue might result from an application of the recommendations of this report, he said there is no truth that may be more firmly relied upon than that the interests of the revenue are promoted by whatever promotes an increase of national industry and wealth. If, by encouraging the manufacture of an article at home, the revenue which has been wont to accrue

from its importation should be lessened, an indemnification can easily be found, either out of the manufacture itself, or from some other object which may be deemed more convenient. But there is little room to hope that the progress of manufactures will so equally keep pace with the progress of population as to prevent a gradual augmentation of the duties on imported articles.

Thus was completed Hamilton's financial policy, the importance of which is sufficient justification for this long abstract of his reports. Under the conditions then existing a successful financial policy meant the successful establishment of the new government. Hamilton saw this, and bent all his energies toward its accomplishment. Washington felt him to be almost the only person in the country capable of coping with the difficulties of the secretaryship of the treasury, and subsequent events showed that, young as he was (he was but thirty-two at the time of his appointment), the president chose wisely. "There was no public credit. Hamilton created it. There was no circulating medium, no financial machinery; he supplied them. Business was languishing, and business revived under the treasury measures. There was no government, no system of life in it, only a paper constitution. Hamilton exercised the power granted by the constitution, pointed out those which lay hidden in its dry clauses, and gave vitality to the

lifeless instrument. He drew out the resources of the country, he exercised the powers of the constitution, he gave courage to the people, he laid the foundations of national government—and this was the meaning and result of the financial policy.”¹ His plans were large and far-reaching, and for that reason it was impossible to apply them immediately in all their bearings. But they in after times exerted great influence on men of all parties, his political opponents no less than those of his own school. Even a Democratic Congress in 1809 ordered a reprint of his report on manufactures. Then and afterward it made itself felt, even though it had, as is asserted,² little, if any, immediate effect on legislation. But that his policy had at once an almost tremendous influence in establishing the government on a firm basis we have just seen. Whatever may have been his theoretical conclusions as to the desirability of freedom of trade among nations, he had a strong sense of the practical, and saw that as the country then was, a tariff on imports was a political necessity for both protection and revenue. It is for this that he deserves praise—that he was able to throw theory to the winds when it was not applicable to existing conditions. And he will live in history as the man who more than all others of his time had a clear insight into the financial measures needful for the firm establishment of the government under the Constitution.

1. Lodge's "Alexander Hamilton," p. 134.

2. Taussig, "Tariff History of the United States," p. 16.

CHAPTER III.

JEFFERSON'S POSITION.

THE third session of the first Congress met December 6, 1790, at which session provision was to be made for the payment of the assumed state debts. A bill conforming to Hamilton's recommendation¹ passed the House by a vote of 35 to 21 on January 27, 1791, and was adopted by the Senate with some amendments on February 12. The differences were adjusted, and it finally passed the Senate on the 26th of the same month. This bill met with considerable objection, especially from the southern and western members. It was said that the evidence of the insufficiency of the taxes already imposed was not conclusive; that the bill would be unequal in its operations, as it would throw the greatest burden of the tax upon those parts of the country which afforded no substitute for ardent spirits; that it would promote smuggling; that it was unfriendly to the interests of the people and was a most ruinous and mischievous system of taxation; that a poll tax and a tax on salaries, pensions, lawyers, and the like would be much better.

1. See page 34.

The advocates of the bill said that an excise on spirits was the least objectionable that could be adopted; that a general increase of duties on imports could not safely be attempted. Mercantile capital was limited, and an increase of duties might therefore induce smuggling, thus diminishing the revenue instead of increasing it. A tax on consumption was less burdensome than a tax on property, as experience had proved. It also proved that more could be drawn from the people by indirect and insensible means than by direct and open taxation. The proposed tax was not unequal, would not fall in excess upon the poor who buy in small quantities, while the rich escape duty by storing their cellars. This bill required the duty to be paid by the importer of foreign spirits and by the manufacturer of domestic spirits, and no article was a fitter subject for taxation.

Two minor acts relating to the tariff were passed later; one on March 2, 1791, explaining duties on chintzes and colored calicoes; the other on the next day, relative to duties on spirits, foreign and domestic. And on March 2, 1792, an act was passed which further modified duties on wines, spirits, and beer, altered certain other duties, and embodied some general principles.

On December 19, 1793, Mr Jefferson, at the request of the House made February 23, 1791, reported to Congress "the nature and extent of the

privileges and restrictions of the commercial intercourse of the United States with foreign nations, and the measures which he thought proper to be adopted for the improvement of the commerce and navigation of the same." This report is by many considered the most able state paper written by Jefferson while he was secretary of state. On the last day of the month he resigned his office and retired to his home at "Monticello." He stated briefly the condition of commerce between the United States and European nations, and asked how the restrictions on it might best be removed, modified, or counteracted. The best method he thought to be by seeking friendly relations with them. At least it was far preferable to trying to offset those restrictions by separate acts of our own legislatures. He said:

"Instead of embarrassing commerce under piles of regulating laws, duties, and prohibitions, could it be relieved of all its shackles in all parts of the world, could every country be employed in producing that which nature has best fitted it to produce, and each be free to exchange with others mutual surpluses for mutual wants, the greatest mass possible would then be produced of those things which contribute to human life and human happiness; the numbers of mankind would be increased and their condition bettered.

"Would even a single nation begin with the United States this system of free commerce, it would be advisable to begin it with that nation; since it is one by one only that it can be extended to all. Where the circumstances of either party render it expedient to

levy a revenue by way of impost on commerce, its freedom might be modified in that particular by mutual and equivalent measures, preserving it entire in all others.

“But should any nation, contrary to our wishes, suppose it may better find its advantage by continuing its system of prohibitions, duties, and regulations, it behooves us to protect our citizens, their commerce and navigation, by counter prohibitions, duties, and regulations also. Free commerce and navigation are not to be given in exchange for restrictions and vexations; nor are they likely to produce a relaxation of them.”

Thus Jefferson, like Hamilton, showed himself capable of rising above theory when the facts in the case required it. He made recommendations in line with the views last quoted, and on January 3, 1794, Madison introduced into the House a series of resolutions designed to carry them out. The first declared it expedient to increase the duties on the tonnage of vessels having no commercial treaty with the United States, and on their manufactures of leather, metals, wool, cotton, flax, hemp, and silk; and also to reduce the tonnage duties on vessels of nations having such treaties. The second resolution proposed an increase of duties on importations from the West Indies in foreign vessels from ports from which American vessels were excluded.

Mr. Smith of South Carolina opened the debate on the negative on January 13. He discussed the

subject from a purely commercial point of view. He endeavored to prove from statistics that our commerce on the whole was as much favored in Great Britain as in France. He extended his statement to all the principal articles of export to those countries. The average annual value of our exports for the three years ending October 1, 1792, was, to Great Britain, \$8,489,830; to France, \$4,737,131.

Jefferson had stated in his report that many of our exports to England were re-exported by her, thus being subject to the disadvantage of double charges. But supposing she exported one-third of what she received from us, her consumption of our products would still exceed that of France. Mr. Smith did not consider large importations from England at all a grievance, but rather a benefit. She could furnish us with such goods as we wanted; and, what was an advantage to a country wanting capital, could also give us credit. If the object of the resolutions had been the encouragement of domestic manufactures, our commercial relations with Great Britain might advantageously be altered. But the object was to turn the trade from that country to France. He admitted that to be dependent on one nation for a supply of necessaries was disadvantageous; but artificial methods should not be used to bring about a change. In order to lessen the importations from Great Britain, higher duties must be imposed on her products than

on those of other countries. This, however, would not be a bounty on the products of our country, but on those of foreign nations. In the opinion of the speaker the proposed resolutions would provoke England to war, either of arms or of commercial regulations. If the former, her allies could easily be induced to join her. But if the latter were preferred, the course of one-sixth of her trade and more than one-half of ours would be disturbed. In that her capital was greater, and being both a manufacturing and an agricultural nation, she had greater advantages than we. Under the present system our navigation was rapidly increasing, and our other great national interests were in a progressive state. He therefore deemed it impolitic to disturb the present order of things by hazardous experiments.

Madison replied the next day. He also was friendly to a free intercourse with all nations. But there might be exceptions to this, as to all general rules. Great Britain had secured by the navigation act eleven-twelfths of the shipping and seamen employed in her trade. Here was a departure from the rule, and a great gain resulted. Again, in the case of two nations whose relations to each other were such that the one might not only invigorate its own manufactures by duties on those of the other, but might also draw from the other the workmen themselves. To allow trade to regulate itself is, as our experience has

proved to us, to allow one nation to regulate it for another. Our navigation was not, he said, on an equal footing with that of England and France. The produce of all countries was admitted to our ports in British vessels, while our own vessels could carry only our own commodities into English ports; and from her West India ports they were entirely excluded. He then showed the effects of the British navigation acts on our trade with that country as compared with that with others. The imports from England were compared with those from other nations and in every case the balance of trade was found to be in our favor. The discrimination in favor of those nations having commercial treaties with us had before been sanctioned by the House, and accorded with the practice of nations. Its tendency was to procure beneficial treaties from nations desiring to be on an equality with other nations in their commerce.

Prudence dictated the measure proposed. By it we would be relieved from a state of commercial dependence. For necessary articles of consumption or of defense in time of war, we would not be dependent upon a single nation. He thought no injury would result from the adoption of the measure. It was not to the interest of England to retaliate. In case of stagnation of trade between the two countries, she would be the greater sufferer. In proportion as a nation manufactures luxuries must be its disadvantage in contests with its customers.

Several other speakers supported the resolutions. The credit given by the British merchants, claimed by the opposition to be an advantage, was but an injury. By it over-trading was encouraged, and thus a heavy balance against us was caused. It discouraged home manufactures and promoted luxury. By the policy she pursued, Great Britain had obtained control of our trade, and an endeavor should be made to change its course. If we should purchase the manufactures of France, an inducement would be held out to a portion of her population to leave off agricultural pursuits, and a market opened for our produce. Temporary disadvantages might result, but they would be more than compensated by permanent benefits. Great Britain being engaged in a dangerous foreign war, it was deemed a fitting time to induce her to relax somewhat her hitherto rigorous policy.

A number of members also opposed the resolutions. Injuries should not be retaliated under the cloak of commercial regulations. If the resolutions were adopted it should be because they would promote the public interest. Their avowed objects were to favor navigation and manufactures. Let an increase of duties on all foreign vessels be the encouragement to navigation, if it was to have additional encouragement. And let equal impositions upon foreign vessels meet those upon American vessels in other

countries, instead of encouraging one nation at the expense of another. Several members who opposed the resolutions expressed themselves in favor of a navigation act which would meet the restrictions imposed upon our vessels by other nations with equal restrictions upon theirs.

Nor was the plan likely to promote domestic manufactures. This object was to be effected by laying duties on the particular articles the manufacture of which was to be encouraged. But the primary object of these resolutions was to humble Great Britain and build up France, and not the increase of our agriculture, manufactures, or navigation.

The first resolution was adopted by a majority of five. When the second came up for consideration, a member moved an amendment designed to extend its operations to all nations. This motion gave way to another which limited it to England. The subject was then postponed until the first Monday in March. When it was again brought up a debate ensued which was no less animated than the first, but the House came to no decision.

CHAPTER IV.

THE ACT OF 1816.

WITH the close of the debate on Madison's second resolution the tariff question seems practically to have slumbered for several years so far as Congress was concerned. Although a number of minor bills were passed from time to time, the question did not appear prominently in either House. These lesser bills were as follows:

June 5, 1794, an act concerning duties on spirits, stills, wines, and teas.

June 7, 1794, an act enlarging the dutiable list.

January 29, 1795, an act to remedy the difficulties in ascertaining certain duties.

March 3, 1797, an act relative to tea, sugar, velvet, plain cotton goods, and cocoa, to obtain money to apply toward the payment of the principal of the national debt.

July 8, 1797, an act increasing the duties on salt and salted provisions.

May 13, 1800, an act increasing the duties on sugar and wines.

March 3, 1804, an act relative to drawbacks.

March 27, 1804, an act imposing more specific duties on certain articles.

March 3, 1807, an act repealing the duties on salt.

March 4, 1808, an act to allow old copper, saltpetre, and sulphur to come in free.

Jefferson, in his second inaugural, speaks of the revenue derived from the tariff as follows:

“The remaining revenue on the consumption of foreign articles is paid cheerfully by those who can afford to add foreign luxuries to domestic comforts. . . . These contributions enable us to support the current expenses of the government, to fulfill contracts with foreign nations, to extinguish the native right of soil within our limits, and to apply such a surplus to our public debts as to place at a short day their final redemption, and that redemption once effected, the revenue thereby liberated may, by a just repartition among the states, and a corresponding amendment of the Constitution, be applied *in time of peace* to rivers, canals, roads, arts, manufactures, education, and other great objects within each state. *In time of war*, . . . aided by other resources reserved for that crisis, it may meet within the year all the expenses of the year without encroaching on the rights of future generations by burdening them with the debts of the past.”

But although the tariff then in force supplied the government with the funds necessary for its running expenses and for the gradual reduction of the national debt, it did not do in addition what it was intended it should do—protect American industry. It proved in its effect to be only a revenue tariff. And until

the second war with England, in 1812, if not until the passage of the act of 1824, this seems to have been the defect of all attempted protective legislation. But the interruption of communication with Europe by the wars which followed the French Revolution furnished American industry with a much more effective protection than it had hitherto enjoyed. In 1806 the coast of continental Europe was declared in a state of blockade by the British Orders in Council. Napoleon established a similar paper blockade on the British coast by his Berlin and Milan decrees of 1806 and 1807. American trading vessels bound for the ports of one of these countries now risked capture by the other. In addition to this, England asserted her right to search American vessels at any place and time for seamen who had formerly been in her employ. The United States met these acts by retaliatory measures. British vessels were ordered to leave American ports, and American vessels were forbidden by embargo to sail for England. In 1808 the non-intercourse law was passed and renewed in 1809. War was declared against England in 1812, and to raise funds for its prosecution the duties on all kinds of imports were doubled. This increase of duties was to continue until a year after the war closed. But greatly as American industry had been stimulated by the international troubles of the preceding six

years, the war found the United States unprepared. As Doctor Bushnell put it:¹

“What did we discover in our war of 1812 but that we had nothing to equip the war? Having no woolen manufacture, we could not clothe our soldiers; we could not even make a blanket. We had been free traders, buying all such things because we could buy them cheaper; but we now discovered that we might better have been making blankets at double the cost for the last fifty years. The same was true of saltpetre for gunpowder, of guns and cannon and swords, and iron and steel out of which to make them. . . . We also began to discover that the very insignificant article of salt, coming short in the supply, was nearly a dead necessity, one of the munitions of war, and that manufacturing it for ourselves at double the cost would have been a true advantage. . . . We very soon discovered in the facts referred to the lowness of our organization, and the very incomplete scope of our industrial equipments. Our products were not various enough to make a complete nation.”

And Professor Robert Ellis Thompson says² of the authors of tariff legislation prior to 1824, that they “had as yet no conception of the enormous power brought to bear for the destruction of our industries, and the preservation of the supremacy of British manufactures. It was a part of the English program to keep America in a position of colonial dependence by these new weapons after the political independence of the country had been acknowledged. A Birmingham manufacturer prophesied on the break-

1. See an article entitled “Protection and Free Trade,” in *Scribner's Monthly*, II., 267 (July, 1871).

2. “Political Economy,” p. 347.

ing out of the war that the crops of the United States would be devoured with vermin, because there was not skill enough in America to make a mouse-trap. Others put much the same estimates of us in more polished forms; the chief industrial function they saw in the new republic was its power to purchase English goods." As Lord Lyndhurst said in 1838: "The United States of America was always considered our own special market." "The extent and swift, regular progress of the American market for English goods," said Henry (afterward Lord) Brougham) in 1813, "we can easily account for. . . . America is an immense agricultural country, where land is plentiful and cheap; men and labor, though quickly increasing, are yet still scarce and dear when compared with the boundless regions which they occupy and cultivate. In such a country manufactures do not naturally thrive; every exertion, if matters be left to themselves, goes into other channels. This people is connected with England by origin, language, manners, and institutions; their tastes go along with their convenience, and they come to us, as a matter of course, for the articles they do not make themselves."

When peace was declared the condition of the country was changed to a great degree, and the administration naturally turned its attention to the adaptation of its policy to this changed condition. A

change in commercial regulations was rendered necessary by the general peace of Europe and that now existing between the United States and Great Britain. Provision was to be made for the payment of the public debt, which now amounted to about \$120,000,000. Further, a large amount of capital was invested in manufacturing, and as it could not be transferred to other channels without great loss, it should in some way be protected. War necessities had caused this increase in manufacturing. "New England, the chief commercial quarter of the Union, had seen her merchant marine rotting at her quays month after month and year after year. She had groaned and fretted, but did not fold her hands in fretting. She went into the new work of home manufactures with all her strength. What would the nation do to support these industries that its act had called into being after destroying her shipping—the nation into whose hands she had given the control of her material interests? English capitalists did not wait for the question to be solved; another mania of exportation seized them; they deluged America as they were deluging the continent with the goods that the war had hitherto kept them from exporting."¹ American indebtedness to foreigners would be rapidly increased by these large importations, especially since the peace of Europe would greatly lessen the demand

1. Thompson, *loc. cit.*, p. 349.

for our agricultural products, and seriously affect our carrying trade. Such conditions had not existed since the establishment of the constitutional government.

The first session of Congress after the war met in December, 1815, two months before the double duties on imports would cease. Because of the state of affairs noticed above, President Madison recommended a tariff on imports for both revenue and protection. He expressed his views on the subject in the following words:

“In adjusting the duties on imports to the object of revenue, the influence of the tariff on manufactures will necessarily present itself for consideration. However wise the theory may be which leaves to the sagacity and interest of individuals the application of their industry and resources, there are in this, as in other cases, exceptions to the general rule. Besides the condition which the theory itself implies of a reciprocal adoption by other nations, experience teaches that so many circumstances must occur in introducing and maturing manufacturing establishments, especially of the more complicated kinds, that a country may remain long without them, although sufficiently advanced, and in some respects peculiarly fitted, for carrying them on with success. Under circumstances giving a powerful impulse to manufacturing industry, it has made among us a progress and exhibited an efficiency which justify the belief that with a protection not more than is due to the enterprising citizens whose interests are now at stake, it will become at an early day not only safe from occasional competitions from abroad, but a source of domestic wealth and even

of external commerce. In selecting the branches more especially entitled to public patronage, a preference is obviously claimed by such as will relieve the United States from a dependence on foreign supplies, ever subject to casual failures, for articles necessary for the public defense or connected with the primary wants of individuals. It will be an additional recommendation of particular manufactures, where the materials are extensively drawn from our agriculture, and consequently impart and insure to that great fund of national prosperity and independence an encouragement which cannot fail to be rewarded."

On December 8, 1815, Mr. A. J. Dallas, secretary of the treasury, sent to Congress a report on the state of the finances in which he made the following propositions:¹

1. That the act of July 1, 1812, imposing a double duty on imports, and the act of July 29, 1813, imposing a duty on imported salt, be continued in force until June 30, 1816.

2. That the act of July 24, 1813, imposing a duty on sugar refined in the United States, and the act of August 2, 1813, imposing a duty on banknotes, notes discounted, and bills of exchange, be continued without limitation but with certain necessary amendments; and that the act of December 15, 1814, imposing duties on carriages and harness, and so much of the act of December 23, 1814, as related to duties on auction sales and to increasing the rates of postage, be allowed to remain in force.

1. "American State Papers, Finance," III., 16.

3. That the direct tax be reduced from \$6,000,000 to \$3,000,000 per year; that the duties on distilled spirits be discontinued after June 30, 1816, and that the duty on licenses to distillers be then raised to double the amount fixed by the act of July 24, 1813; and that the duties on licenses to retailers of wines, spirituous liquors, and foreign merchandise be reduced to the rates of 1813.

4. That the acts of January 18 and February 27, 1815, imposing duties on various articles manufactured for sale within the United States, and the act of January 18, 1815, imposing duties on household furniture and watches, be repealed.

5. That the act of March 3, 1815, further to provide for the collection of duties on imports and tonnage, and the act of March 3, 1815, to fix the compensations and increase the responsibility of the collectors of the direct tax and internal duties, and for other purposes connected with their collection, so far as it relates to the compensation of the collectors of the direct tax and internal duties, be continued in force without limitation.

This report was followed by another¹ on February 13, 1816, comprehending:

1. A view of the tariff of the United States and its incidents upon the peace establishment.

2. A statement of the general principles for re-

1. See loc.cit., p. 85.

forming the tariff, including the means of enforcement.

3. A general tariff proposed for the consideration of Congress.

In framing the propositions embraced in the third part of the report, three great objects were principally regarded: First, that of raising by duties on imports and tonnage the proportion of the public revenue which must be drawn from that source. Second, that of conciliating the various national interests of agriculture, manufactures, trade, and navigation. Third, that of rendering the collection of duties convenient, equal, and certain.

The annual revenue needed to meet the necessary annual expenses of the government, independent of any provision for public institutions and public improvements, was estimated at \$24,000,000.

The schedule of duties proposed by Mr. Dallas provided for a rather lengthy free list; for *ad valorem* duties ranging from seven and one-half to thirty-five per cent; and for an extensive specific list. He also recommended an additional duty of twelve and one-half per cent on all goods imported in foreign vessels unless excepted by act of Congress or from nations in treaty with us. Further recommendations were made for tonnage duty, warehouse money, drawbacks and bounties, and additions to specific and *ad valorem* duties. The new duties were estimated to

produce an annual increase in the revenue of about \$5,000,000, making the total amount raised \$17,000,000.

Congress received many petitions urging it to adopt a protective tariff, those from the cotton manufacturers attracting most notice.¹ The war had greatly stimulated the manufacture of cotton goods in this country, and it had become an object of much importance to the states engaged in it. The industry gave employment to 100,000 persons and produced goods to the value of more than \$24,000,000 annually. And as it consumed cotton grown in the south, the prosperity of that section was greatly promoted. The tariff measure therefore received the support of many southern members, notably that of Calhoun. And Clay, then as ever after, was a strong advocate of protection. On the other hand, Webster and most of the New England members, with John Randolph of Virginia, opposed it. The Democrats now found it to their interest to use the arguments of Hamilton. But a few years later the relative positions of the parties were reversed.

By this act the duty on coarse cottons costing twenty-five cents or less, which must all be deemed to have cost twenty-five cents a square yard, was fixed at twenty-five per cent. On woollens, twenty-five per cent, to be reduced to twenty after three years.

1. See *loc. cit.*, pp. 32, 52, 82, and 103.

On manufactures of hemp, iron, steel, brass, copper, etc., twenty per cent. On bar iron, \$1.50 per hundredweight. On nails, spikes, and bolts, four cents per pound. On window glass, from \$2.50 to \$3.25 per hundred feet. On hemp, \$1.50 per hundredweight. On spirits, from thirty-eight to seventy-five cents per gallon. The dutiable articles were numerous, and duties varied according to the ability of the country to supply the demand. Those of which the home production was sufficient to meet this demand were rated higher than those the demand for which could be only partially supplied, or which could not be supplied at all. In 1816 the average rate of duties on all importations was 24.97 per cent; in 1817 it rose to 32.90 per cent; but in 1818, owing to heavy importations, it fell to 16.78 per cent.

The vote in the House on the tariff bill of 1816, by sections of the country, was as follows:

	Yeas.	Nays.	Absent.
New England	16	10	16
Middle States	44	10	13
Western States	14	3	5
Southern States	14	31	7
	<hr/>	<hr/>	<hr/>
Total	88	54	41

In the Senate the vote was twenty-five yeas to seven nays.

This tariff, too, fell short of what was expected and intended, being a sort of compromise between pro-

tection and free trade. Its operation covered a period of distress and embarrassment. Bankruptcies were frequent, and the value of all kinds of home produce rapidly declined, as well as that of property. The farmers, who had petitioned largely against a protective tariff, especially suffered, and "talked as if the government could repeal the English corn laws." The manufacture of iron became almost extinct, while that of earthenware, glass, and white and red lead wholly disappeared. Congress continually received petitions from manufacturers for even a fraction of the protection enjoyed by their English and French rivals. Some state legislatures took action in the matter, and their representatives in Congress were requested to endeavor to procure such modification of the tariff as would encourage the employment of capital and industry in home manufactures.

In his first inaugural in 1817 President Monroe expressed himself regarding the encouragement of home industry as follows:

"Our manufactures will require the systematic and fostering care of the government. Possessing as we do all the raw materials, the fruit of our own soil and industry, we ought not to depend in the degree we have done on supplies from other countries. While we are thus dependent the sudden event of war, unsought and unexpected, cannot fail to plunge us into the most serious difficulties. It is important, too, that the capital which nurtures our manufactures should be domestic, as its influence in that case, in-

stead of exhausting, as it may do in foreign hands, would be felt advantageously on agriculture and every other branch of industry. Equally important is it to provide at home a market for our raw materials, as by extending the competition it will enhance the price and protect the cultivator against the casualties incident to foreign markets."

CHAPTER V.

THE ACT OF 1824.

AFTER the tariff act of 1816 was passed, the subject again seems to have received little attention from Congress for a few years. That act, as has been seen, protected very few manufacturing interests except coarse cottons, and hence afforded but a limited encouragement to the industry of the nation. To remedy this defect a bill was introduced into the House during the session of 1819-20, and passed that body by a vote of eighty-eight to seventy-one. In the Senate, however, it was defeated by a vote of twenty-two to twenty-one on a motion to postpone it until the next session. To enable comparison with a later vote, the votes of the different states in the House are here given.

	Yeas.	Nays.	Absent.
Massachusetts (including Maine)	10	6	4
New Hampshire	—	5	1
Rhode Island	2	—	—
Connecticut	6	1	—
Vermont	1	2	3
New York	25	—	2
New Jersey	6	—	—

	Yeas.	Nays.	Absent.
Pennsylvania	22	1	—
Delaware	—	2	—
Maryland	1	5	3
Virginia	1	15	7
North Carolina	1	11	1
South Carolina	1	6	2
Georgia	—	5	1
Kentucky	4	3	2
Tennessee	—	6	—
Ohio	6	—	—
Indiana	1	—	—
Illinois	1	—	—
Louisiana	—	1	—
Mississippi	—	1	—
Alabama	—	1	—
	—	—	—
Total	88	71	26

When the first session of the eighteenth Congress met, December 1, 1823, the president recommended, as he did at the preceding session, a review of the tariff for making it more protective. This revision and modification of the tariff was the most important work of that session. A bill proposing an increase of duties on imports was introduced, and after a discussion of more than two months it passed the House on April 16, 1824, by a small majority—107 yeas to 102 nays. The Senate made some amendments which the House would not accept, but the differences were finally settled by a committee of conference. The vote in the Senate on the final passage of the bill was 25 yeas to 22 nays. The duty on cotton

cloth was fixed at 33 per cent; on woolen goods, at 30 and $33\frac{1}{2}$ per cent; on iron manufactures, at from three to five cents per pound; on iron bars, at \$1.50 a hundredweight. The average rate on all importations rose in 1825 to 47.72 per cent; in 1827 to 50.94. On the dutiable articles the rates averaged 50.54 per cent in 1825, and 53.76 in 1827.

In the House the debate on the bill was one of great interest, and showed extensive knowledge and an unusual degree of talent on the part of those who participated in it. As in 1816, Clay and Webster were on opposite sides, the former being the chief advocate, the latter the chief opponent of the measure. A large amount of money was invested by New England in manufacturing, but not sufficient to make it a controlling industry. Before the war the vote of that section was for free trade; now it was divided—fifteen yeas to twenty-three nays.

In the south a large majority now opposed the policy which had built up their cotton-growing interests, and had given them a home market for it. Being strongly opposed by these two sections, the measure was carried by the votes of the middle and western states. Pennsylvania may be said to have taken the lead in this contest for protection. Her citizens, her state legislature, her representatives in Congress, all contributed largely by their persevering efforts to the final success. The country now

had for the first time a tariff that was in both purpose and effect protective. But it had one serious defect; the duties on woolens, in both amount and manner of imposition, were far from satisfactory. While other manufactures were in a flourishing condition, this languished. As we shall see, a bill to remedy this passed the House in 1827, but was lost in the Senate, which it reached too late for passage.

The vote on the act of 1824 is here given for comparison with that on the act of 1816 and that on the bill which passed the House in 1820.

	Yeas.	Nays.
Maine	1	6
Massachusetts	1	11
New Hampshire	1	5
Rhode Island	2	--
Connecticut	5	1
Vermont	5	--
New York	26	8
New Jersey	6	--
Pennsylvania	24	1
Delaware	1	--
Maryland	3	6
Virginia	1	21
North Carolina	--	13
South Carolina	--	9
Georgia	--	7
Kentucky	11	--
Tennessee	2	7
Ohio	14	--
Indiana	2	--
Illinois	1	--
Louisiana	--	3

	Yeas.	Nays.
Mississippi	--	1
Alabama	--	3
Missouri	1	--
	—	—
Total	107	102

Three votes were not cast that would have raised the affirmative to 110—those of Mr. Clay, the speaker; Mr. Ingham of Pennsylvania; and Mr. Jennings of Indiana. The last two were absent. There was a vacancy in the Massachusetts delegation which, had it been filled, would probably have been given in the negative.

Mr. Niles thus analyzes the vote:¹

“This little table presents much matter for serious reflection and remark: It shows a wonderful falling off in the eastern states. Maine, Massachusetts, and New Hampshire, out of 21 votes present in 1818, gave 10 for the tariff; and now, out of 25 votes, they give only *three*. There has also been an unexpected change in the representation of New York to the same side—but New Jersey, Pennsylvania, etc., stood their ground, and the union of the west saved the bill. Virginia and all the rest of the states south and southwest have also been consistent—they gave three votes for the tariff on each occasion; but two of these are now from Tennessee, and North and South Carolina were unanimous against the bill.

“The states may be classed as follows:

“*Navigating and fishing states.* Maine, New Hampshire, and Massachusetts—say 23 against and 3 for a tariff for the promotion of domestic industry.

1. Weekly Register, XXVI., 113.

"*Manufacturing*. Rhode Island and Connecticut—7 for and 1 against.

"*Grain growing*. Vermont, New York, New Jersey, Pennsylvania, Delaware, Kentucky, Ohio, Indiana, Illinois, Missouri—94 for and 9 against.

"*Tobacco planting and grain growing*. Maryland—6 against and 3 for.

"*Tobacco and cotton planting*. Virginia, North Carolina, South Carolina, Georgia, Mississippi, Alabama—54 against and 1 for.

"*Cotton and grain growing*. Tennessee—7 against and 2 for.

"*Sugar and cotton planting*. Louisiana—3 against.

"The navigating and fishing states opposed the bill because of an apprehension that it would injure commerce; the grain growing states supported it because of a belief that its passage would benefit agriculture; and the planting states united with the navigating against the bill for the reason that it would be injurious to agriculture! On this ground the last two classes are at issue; but if we deduct the members from the grain growing states that we may suppose were influenced by other than considerations specially favorable to agriculture, it will appear that what may be called the *agricultural* vote on the tariff was almost two for to one against it; that is, 95 grain growing to 57 planting.

"The unanimity of the navigating states against the wishes of the grain growing states will surprise those who recollect that the states first referred to were indebted to the last for the passage of every law that protected and established their navigation; such as the discriminating duties on imports and tonnage, the building of certain frigates, etc., 'for the protection of commerce against the Barbary powers;' and in 1796

23 States at
this time.

the establishment of a regular navy 'for the protection of commerce' in general."

And he notices what he calls the consistency of Virginia and other states.

"In former times they said, 'Let commerce protect itself, we have nothing to do with it; we will send off our produce on board of such vessels as will carry it the cheapest; it does not make a cent's difference to us whether our tobacco is shipped on board of an American or foreign bottom; let the business be open to competition.' But now they say, though not so much opposed to the protection of commerce as heretofore, 'Let our manufactures protect themselves;' and in support of the proposition use precisely the same arguments that were used 30 years ago against navigation."

Mr. Clay, in his speech on March 31, favoring the bill, said:¹

"Two classes of politicians divide the people of the United States. According to the system of one, the produce of foreign industry should be subject to no other impost than such as may be necessary to provide a public revenue; and the produce of American industry should be left to sustain itself, if it can, with no other than that incidental protection, in its competition at home as well as abroad with foreign articles. According to the system of the other class, whilst they agree that the imposts should be mainly, and may under any modification be safely relied on as a fit and convenient source of public revenue, they would so adjust and arrange the duties on foreign fabrics as to afford a gradual but adequate protection to American industry, and lessen our dependence on

1. This speech is given in full in Niles' "Register," XXVI., 378.

foreign nations by securing a certain and ultimately cheaper and better supply of our own wants from our own abundant resources. Both classes are equally sincere in their respective opinions, equally honest, equally patriotic, and desirous of advancing the prosperity of the country. In the discussion and consideration of these opposite opinions for the purpose of ascertaining which has the support of truth and reason, we should exercise every indulgence and the greatest spirit of mutual moderation and forbearance. And in our deliberations on this great question we should look fearlessly and truly at the actual condition of the country, retrace the causes which have brought us into it, and snatch if possible a view of the future. We should above all consult experience—the experience of other nations, as well as our own, as our truest and most unerring guide.”

He next alluded to the general distress then prevailing, naming many facts which indicated it, and giving its cause. Our imports had not increased as rapidly as they should, and he thought it unlikely that the foreign market would improve since, with other reasons, Europe would hardly abandon her own agriculture to foster ours. A home market should be created and the support given to foreign industry should be used to stimulate our own. The superiority of the home market consists, first, in its greater steadiness and certainty; second, in the creation of reciprocal interest; third, in its greater security; and fourth, in an ultimate increase of consumption, and consequently of comfort, from increased quantity and reduced prices.

The great desideratum of political economy is so to apply the aggregate industry of a nation as to produce the greatest amount of wealth. Labor is the source of wealth, but not natural labor only. The power of machinery has not been duly appreciated. It is to this that England is indebted for her enormous wealth, her artificial or machine labor being equal to 200,000,000 able-bodied laborers. In consequence of this she has a vast revenue and prosperous commerce. In 1822 the value of her imports of raw cotton was \$25,000,000. After manufacturing this into various articles and supplying the home market, the profit on the remainder, which was exported, was \$73,000,000 above the import cost of the whole.

Mr. Clay then contrasted the condition of England, with her protective policy—self-poised, resting on her own internal resources, possessing a home market carefully cherished and guarded, prepared for any emergency of peace or war, with our own condition—depending upon the state of foreign powers, confiding in a foreign to the neglect of a domestic policy, all their movements affecting our interests, our prosperity depending on their wars and misfortunes, our system being anomalous, unfitted for either war or peace, and succeeding only in the rare occurrence of a general war throughout Europe. The numerous objections to the bill were grouped by Mr. Clay un-

der eleven heads and ably answered. He enumerated the great difficulties the friends of the measure had to encounter, and closed with these words:

“For some of these or other causes the bill may be postponed, thwarted, defeated. But the cause is the cause of the country, and it must and will prevail. It is founded on the interests and affections of the people. It is as native as the granite deeply imbosomed in our mountains. And in conclusion I would pray God in His infinite mercy to avert from our country the evils which are impending over it, and by enlightening our councils to conduct us into that path which leads to riches, to greatness, to glory.”

Of this speech Mr. Niles says:¹

“It does not so much partake of that splendid eloquence for which the speaker is so celebrated, as of extensive research, acute discrimination, and practical truth; and if the opponents of the system will read it considerately, it will cause them to retire from many of their objections to the bill, if not reconcile most of them to its principle.”

Mr. Webster replied to Mr. Clay on April 2.² He dissented entirely from the picture of distress which Mr. Clay had drawn, considering it unwarranted by the real condition of the country. His statements regarding our exports were also exaggerated. “The general result of a fair examination of the present condition of things seems to me to be that there is a considerable depression of prices and cur-

1. Loc. cit., p. 113.

2. This speech is also given in full by Niles, loc. cit., p. 409.

tailment of profit; and in some parts of the country, it must be admitted, there is a degree of *pecuniary* embarrassment arising from the difficulty of paying debts which were contracted when prices were high. With these qualifications the general state of the country may be said to be prosperous, and these are not sufficient to give to the whole face of affairs any appearance of general distress." But to ascribe what depression there was to the single cause of diminution of exports he held to be a mistake. The restoration of peace in Europe and America undoubtedly had much to do with it by causing a great fall in prices throughout the commercial world.

As to home manufactures, do they need further protection? And if so, how much? "Gentlemen tell us that they are in favor of domestic industry; so am I. They would give it protection; so would I. But then all domestic industry is not confined to manufactures. The employments of agriculture, commerce, and navigation are all branches of the same domestic industry; they all furnish employment for American capital and American labor. And when the question is whether new duties shall be laid for the purpose of giving further protection to particular manufactures, every reasonable man must ask himself both whether the proposed new encouragement be necessary, and whether it can be given without injustice to other branches of industry."

Regarding the protective policy of England he remarked that more liberal notions were becoming prevalent there on the subject; that the policy of restraints and prohibitions was getting out of repute. "I have never said that prohibitory laws did not exist in England; we all know they do; but the question is, does she owe her prosperity and greatness to these laws? I venture to say that such is not the opinion of public men now in England, and the continuance of the laws, even without any alteration, would not be evidence that their opinion is different from what I have represented it; because the laws having existed long and great interests having been built up on the faith of them, they cannot now be repealed without great and overwhelming inconvenience. Because a thing has been wrongly done it does not therefore follow that it can now be undone; and this is the reason as I understand it upon which exclusion, prohibition, and monopoly are suffered to remain in any degree in the English system; and for the same reason it will be wise in us to take our measures on all subjects of this kind with great caution. We may not be able, but at the hazard of much injury to individuals hereafter, to retrace our steps."

He next referred to drawbacks (the *warehouse system*, as it was called in England), the recent proposition of parliament to abolish the tax on imported wool, and the "balance of trade." On the latter point

he differed from the popular notion that whenever the value of imports exceeded that of exports—if a nation buys more than it sells—a debt is created to the extent of the difference and that the balance of trade is unfavorable. He held that the excess of imports over exports usually showed the gains, not the losses of trade, because the value of goods imported was augmented by transportation.

But Mr. Webster's argument is too long to give even a brief abstract of the whole. He spoke of the exportation of specie; of the high rate of exchange; stated some objections of a more general nature to Mr. Clay's observations; went into an examination of the bill as to its probable effects upon some of the great interests of the country; and concluded by saying there were some parts of the bill of which he highly approved, that in others he acquiesced, but that those to which he had stated his objections appeared to him so destitute of all justice, so burdensome and so dangerous to that interest which had so steadily enriched, gallantly defended, and proudly distinguished us, that nothing could prevail upon him to give the bill his support.

CHAPTER VI.

JACKSON AND THE TARIFF.—THE “WOOLENS BILL.”— THE HARRISBURG CONVENTION.

THE candidacy of General Jackson for the presidency in 1828 seems to have brought the tariff question into considerable prominence. When the tariff act of 1824 was under discussion he was a member of the Senate, and his support of the measure at that time placed him in the estimation of the public among the advocates of a high protective tariff. But there were now indications that sections of the country favoring free trade would almost unanimously support him. This naturally gave rise to doubts in the minds of his northern friends as to what his tariff policy would be in case of his election. In January 1828 the Senate of Indiana adopted a resolution¹ “inviting him to state explicitly whether he favors that construction of the Constitution of the United States which authorizes Congress to appropriate money for the purpose of making internal improvements in the several states; and whether he is in favor of such a system of protective duties for the

1. Niles' "Register," XXXIII., 439

benefit of American manufactures as will, in all cases where the raw material and the ability to manufacture it exist in our country, secure the patronage of our own manufactures to the exclusion of those of foreign countries; and whether, if elected president of the United States, he will in his public capacity recommend, foster, and support the American system."

This resolution, communicated to him by Governor Ray, he answered on February 28.¹ He wrote:

"I pray you respectfully to state to the Senate of Indiana that my opinions *at present* are precisely what they were in 1823 and '24, when they were communicated by letter to Dr. Coleman of North Carolina, and when I voted for the present tariff and appropriations for internal improvements. As that letter was written at a time when the divisions of sentiment on its subject were as strongly marked as they now are in relation both to the *expediency* and constitutionality of the system, it is enclosed herein; and I beg the favor of your excellency to consider it a part of this communication. The occasion out of which it arose was embraced with a hope of preventing any doubt, misconception, or necessity for further inquiry respecting my opinion on the subjects to which you refer—particularly in those states which you have designated as cherishing a policy at variance with your own. To preserve our invaluable Constitution and be prepared to repel the invasions of a foreign foe by the practice of economy and the cultivation within *ourselves* of the means of national defense and independence should be, it seems to me, the leading objects of any system which aspires to

1. Niles, XXXIV., 153.

the name of 'American,' and of every prudent administration of our government."

The letter to Dr. Coleman¹ is often referred to as showing Jackson's opinions on the questions to which it relates. This is sufficient apology for quoting from it at some length here.

"You ask my opinion on the tariff. I answer that I am in favor of a judicious examination and revision of it; and so far as the tariff bill before us embraces the design of fostering, protecting, and preserving within ourselves the means of national defense and independence, particularly in a state of war, I would advocate and support it. The experience of the late war ought to teach us a lesson, and one never to be forgotten. If our liberty and republican form of government, procured for us by our revolutionary fathers, are worth the blood and treasure at which they were obtained, it surely is our duty to protect and defend them.

"Heaven smiled upon and gave us liberty and independence. That same Providence has blessed us with the means of national independence and national defense. If we omit or refuse to use the gifts which He has extended to us, we deserve not the continuation of His blessings. He has filled our mountains and our plains with minerals—with lead, iron, and copper; and has given us a climate and soil for the growing of hemp and wool. These being the grand materials of our national defense, they ought to have extended to them adequate and fair protection, that our own manufactories and laborers may be placed on a fair competition with those of Europe, and that we may have within our country a supply of those leading and important articles so essential to war.

1. Niles, XXVI., 245; Parton's "Life of Andrew Jackson," III., 35.

"This tariff—I mean a judicious one—possesses more fanciful than real danger. I will ask, what is the real situation of the agriculturist? Where has the American farmer a market for his surplus products? Except for cotton he has neither a foreign nor a home market. Does not this clearly prove, when there is no market either at home or abroad, that there is too much labor employed in agriculture, and that the channels for labor should be multiplied? Common sense at once points out the remedy. Draw from agriculture this superabundant labor; employ it in mechanism and manufactures, thereby creating a home market for your breadstuffs, and distributing labor to the most profitable account, and benefits to the country will result. Take from agriculture in the United States 600,000 men, women, and children, and you will at once give a home market for more breadstuffs than all Europe now furnishes us. In short, we have been too long subject to the policy of British merchants. It is time we should become a little more *Americanized*; and instead of feeding the paupers and laborers of England, feed our own; or else in a short time, by continuing our present policy, we shall be rendered paupers ourselves.

"It is therefore my opinion that a careful and judicious tariff is much wanted to pay our national debt, and afford us the means of that defense within ourselves on which the safety and the liberty of our country depend; and last, though not least, give a proper distribution to our labor, which must prove beneficial to the happiness, independence, and wealth of the community."

The remarks of two of Jackson's biographers regarding this letter are interesting because of their wide divergence. Mr. Parton says:¹ "Did Henry

1. Loc. cit.

Clay ever deliver a speech, or Horace Greeley write an editorial article, more completely pervaded with the spirit of the protective policy than this letter of Andrew Jackson? The General really exhausts the subject. Not an argument escapes him." Mr. Sumner thus expresses another view:¹ "The Coleman letter was a model letter of its kind. It said nothing clear or to the point on the matter in question. It used some ambiguous phrases which the reader could interpret to suit his own taste. It muddled the controversy by contradictory suggestions, bearing upon it from a greater or less distance, and from all points of view, and it failed not to introduce enough glittering platitudes to make the whole pass current."

But the people of the eastern, middle, and western states interpreted the letter as coinciding with their views; and it is probable that Jackson would have again failed of an election but for his declarations on the subject.

After the passage of the tariff act of 1824 the English flooded the country with their manufactures and sold them at a large profit. This success of the British and the anticipated protection of the tariff act encouraged many Americans to invest large sums in manufacturing. But the British imports soon far exceeded the demand and had to be disposed of at forced sales at a very great sacrifice and to the serious embarrass-

1. "Andrew Jackson," in "American Statesmen" series, p. 77.

ment of home manufactures. The latter had no protection against such a state of affairs, and many memorials and petitions were addressed to Congress. The duties were lacking in both their nature and the manner of determining. Being *ad valorem*, or levied on the value of the article, imported goods were invoiced far below their real value in England. The revenue was thus defrauded and protection to American manufactures defeated. After supplying other markets, England threw her surplus on this country and disposed of it at such prices as could be obtained. The loss thus incurred was more than compensated by the depression of American manufactures, a matter of great importance to England.

By the act of 1824 the duty on woollen goods was raised eight per cent, and wool fifteen per cent. No wool was exported to Europe, but more than one-third that manufactured here was imported from European countries subject to a duty of thirty per cent. The home manufacturer at the same time was protected by a duty of thirty-three and one-third per cent *ad valorem*. As a result half the machinery in many New England establishments was idle, and some that had just been completed could not be put into operation until circumstances became more favorable.

On January 10, 1827, Mr. Mallary of Vermont, chairman of the House committee on manufactures,

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reported a bill "for the alteration of the acts imposing duties on imports."¹ The present rate of duty (thirty-three and one-third per cent *ad valorem*) on woolen manufactures was left unchanged; but the duties were to be estimated on what was called the "minimum" principle. "All manufactures of wool or of which wool is a component part (except worsteds and blankets), whose actual value at the place whence imported shall not exceed 40 cents per square yard, shall be deemed and taken to have cost 40 cents the square yard, and be charged with the present duty accordingly." Similarly, those exceeding 40 cents, but not \$2.50, in value, were to be charged on the latter; and those above \$2.50 were to be charged as if costing \$4.00. All unmanufactured wool, on which the duty was thirty per cent, was to be charged thirty-five per cent after June 1, 1828, and forty per cent after June 1, 1829. All unmanufactured wool exceeding in value ten cents per pound, but not exceeding forty, was to be deemed to have cost forty cents, and to be subject to these rates of duty. The duty on wool of less value than ten cents (fifteen per cent by the act of 1824) was left unchanged.

Undervalued -
" \$2.50
4.00

The discussion of the bill began on January 17 with a strong speech from Mr. Mallary in its favor. The House was divided on the measure, but the division was geographical rather than partisan. Many of

1. Niles, XXXI., 319.

Jackson's northern friends were, as has been seen, decided protectionists; but a few of them, together with some friends of Adams' administration, opposed certain features of the bill. The scale of minimums was thought not to be sufficiently graduated. The strides were too gigantic, it was said, especially that from 40 cents to \$2.50. An amendment was soon offered proposing to insert the minimum of \$1.50 there, which was adopted after considerable debate by a vote of 82 to 30. The debate on the bill proper was too lengthy to follow through here. So far as protection was concerned, the arguments did not essentially differ from those used in tariff debates before and after.

The bill passed the House on February 10 by a vote of 106 to 95, and was sent to the Senate on the 12th. There, for want of time to act on it at that session, it was on the 28th laid on the table by the casting vote of the vice-president, Calhoun. Van Buren, by a manœuvre, "dodged," thus making the vote a tie and forcing Calhoun to decide the matter. And the latter suffered in consequence in New York and Pennsylvania.

Manufacturers were disappointed over the defeat of this bill—the *woolens bill* as it was popularly called—and early resolved to renew their applications to Congress for relief. The initiative was taken by the Pennsylvania Society for the Promotion of Man-

ufactures and the Mechanic Arts at a meeting held May 14, 1827. This body, because of "the depressed state of the woolen manufacture and of the market for wool, together with the injurious effect the depression of those two important branches must have on other departments of industry and on the general welfare," called on farmers, manufacturers, and friends of both these branches of industry to hold conventions in their respective states as early as convenient in June. These conventions were to appoint at least five delegates to a general convention at Harrisburg, Pennsylvania, on July 30, "to deliberate what measures are proper to be taken in the present posture of affairs." A committee of twenty-seven was appointed to frame an address to the people of the United States. This address¹ discussed the policy of protection and set forth the causes of the depression in manufactures and the effect of this depression upon the other great interests of the country.

Local and state conventions were held in accordance with this call, and delegates appointed to the national convention at Harrisburg. The proceedings of these conventions show great unanimity at the north at that time on the subject of the tariff—greater than at a later period. The views of that section, irrespective of political parties, are well represented by the following resolutions taken from a long series

1. Niles, XXXII., 238.

adopted by the New York state convention at Albany on July 10:¹

Resolved, That agriculture, manufactures, and commerce are social pursuits, and flourish best in the society of each other; and that equal protection by the government is due to each.

Resolved, That as wool and the woolen trade were the principal foundations of the prosperity, first of the Netherlands and afterwards of England, so the people of the northern and middle states ought to look to the same article as an unfailing source of wealth to their agricultural, manufacturing, and commercial interests.

Resolved, That inasmuch as the staple agricultural products of the south, to-wit, cotton, tobacco, and rice, are admitted into the ports of Europe without competition in their production in that part of the world; and while both competition and prohibitory laws operate to exclude from European markets the breadstuffs, provisions, and manufactures of the northern, middle, and western states, we deem it unkind in our southern brethren to oppose the passage of laws which are calculated to create a home market for our agricultural productions and to promote our national wealth and prosperity.

Resolved, That to encourage the growth and manufacture of wool would afford a great relief to the depressed condition of our agricultural interests by attracting a much larger portion of our capital and labor to the growth and manufacture of that article, and by creating a home market for the surplus productions of the soil.

There were in the Harrisburg convention ninety-five delegates from the following states: New

1. See loc. cit., p. 363.

Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, Kentucky, and Ohio. A committee was appointed to prepare a memorial to Congress, another to prepare an address to the people of the United States, and one for each of the leading branches of manufacture. Niles' "Register" gives a good report of the proceedings.¹ The reports of the various committees form a large volume containing a great variety of interesting and useful facts. In the memorial to Congress was presented a project of a tariff on raw wool and the different kinds and qualities of woolen manufactures. An increase of duties on other manufactured articles was also recommended.

1. XXXII., 388 foll.

CHAPTER VII.

THE TARIFF AND NULLIFICATION.

ON December 31, 1827, Congress again undertook the revision of the tariff. After an all-day debate a resolution was adopted empowering the committee on manufactures to call before it individuals and to cause papers to be prepared to enable it to ascertain and report such facts as would be useful to the House. The committee made its report just one month later, and with it presenting "A bill in alteration of the several acts imposing duties on imports." The debate on this bill began March 3, and ended April 22.

From the evidence taken, the committee felt warranted in drawing these conclusions relative to woolen manufactures: First, that this business was at that time laboring under severe depression. Second, that this depression was owing in great degree to excessive and irregular importations, which caused uncertain and fluctuating prices. Third, that the difference in price between the same grades of wool in this country and in England was about fifty per cent in favor of the latter. Fourth, that the cost of raw wool here was about half that of the fabric

made from it. Fifth, that with wool and foreign dyeing materials costing the same in both countries, woolen cloth could be made as cheaply here as in England. Sixth, that the present duty on woolen goods was not sufficiently protective, and that no reasonable duty would be so unless it were specific instead of *ad valorem*.¹

The bill proposed duties on iron and steel manufactures varying from one to ten cents per pound. On unmanufactured wool the duty was fixed at seven cents per pound, with an additional duty of forty per cent *ad valorem*; the latter to increase after one year at the rate of five per cent per annum until it amounted to fifty per cent. On manufactures of wool costing not over fifty cents per yard a duty of sixteen cents per yard was levied; not exceeding one dollar per yard, forty cents; not exceeding \$2.50, one dollar; those costing from \$2.50 to \$4.00 at the place whence imported were to be deemed to have cost the latter, and on them a duty of forty per cent *ad valorem* was levied; on those exceeding \$4.00, forty-five per cent; on woolen blankets, hosiery, mitts, gloves, and bindings, thirty-five per cent. On unmanufactured hemp and flax the duty was fixed as forty-five dollars per ton, to be increased after one year at the rate of five dollars per ton annually until it amounted to sixty dollars. On molasses the rate was made ten cents per

1. For the report in full, see Niles, XXXIII., 393; for the bill, see p. 383.

gallon, and that on imported distilled spirits was increased ten cents per gallon. The rest of the bill was mostly devoted to a general modification of the tariff.

It may be interesting to note here, parenthetically, as indicating the extent to which molasses was at that time imported into New England, that on March 25 and 26, 1828, there were landed at the single port of Portland, Maine, 3,148 hogsheads, paying a duty under the then tariff of \$15,743.

The usual variety of topics was embraced in the debate. The former arguments on the constitutionality and the general effects of the protective system were mostly reproduced, and opinions diametrically opposed to each other were expressed as to the operation of the proposed measure. Mr. Anderson of Maine said on March 5:

“As to hemp, it appears to me it is abundantly protected. Just look at the prices of Russian and American hemp in our market, and it must convince any man that this article needs no further protection. Russian hemp now commands \$275 per ton, while American is quoted at \$125. If \$150 per ton is not sufficient protection, what in the name of Heaven will be? The great complaint has been that foreign manufactures and articles of foreign growth were underselling us in our own market, but this does not apply to hemp. And if \$150 per ton, or even \$100 per ton bounty has not induced the grower of this article to prepare it properly for market, can we expect that ten or twenty dollars more will?”

Mr. Wright, a member of the committee which framed the bill, said in a speech in support of it:

"It will be found difficult, if not impossible, to draw a bill intended to furnish general protection to the domestic industry of this country, which will not, in some of its provisions, operate injuriously upon some of the interests concerned, and in some sections of the country. One leading principle, however, which operated upon my mind in the formation of the present bill, is that it is not and cannot be the policy of this government or of this Congress to turn the manufacturing capital of this country to the manufacture of a raw material of a foreign country while we do or can produce the same material in sufficient quantities ourselves.

"This I consider to be a rule of universal application, and to extend itself not only to the same raw material, but to any which shall be equally valuable and may be substituted for the raw material imported; and I cannot suppose that in the legislation for the protection of the industry of the country this rule should be lost sight of. If the time should arrive when there should be a surplus of labor in this country, and when the cultivation of our soil and the manufacture of its productions should not require the employment of all the labor of the country, then a different rule might be applicable; then it might be sound policy to encourage the importation of foreign materials that their manufacture might employ any surplus of domestic labor."

Finally, after a change in some of its provisions,¹ the bill was ordered to a third reading on April 15 by a vote of 109 to 91. The next day Mr. Randolph op-

1. For the amended bill see Benton's "Abridgment," X., 93; Niles, loc. cit. p. 134.

posed it at length on the question of its passage, and concluded by moving an indefinite postponement. This motion gave rise to another debate in which the merits of the bill and the general system of protection were again discussed. With a few exceptions, however, only the opponents of the protective policy engaged in it. The bill passed the House on April 22 by the following vote:

	Yeas.	Nays.	Absent.
Maine	--	7	--
New Hampshire	--	4	2
Massachusetts	2	11	--
Rhode Island	1	1	--
Connecticut	4	2	--
Vermont	5	--	--
New York	27	6	1
New Jersey	5	--	1
Pennsylvania	23	--	3
Delaware	1	--	--
Maryland	1	5	3
Virginia	3	15	4
North Carolina	--	13	--
South Carolina	--	8	1
Georgia	--	7	--
Kentucky	12	--	--
Tennessee	--	9	--
Ohio	13	--	1
Louisiana	--	3	--
Indiana	3	--	--
Mississippi	--	1	--
Illinois	1	--	--
Alabama	--	3	--
Missouri	--	1	--
	—	—	—
Total	101	96	16

The spirit of some of the opposing members was strikingly exhibited on taking the question on the title of the bill, which was "An act in alteration of the several acts imposing duties on imports." Mr. Wilde of Georgia moved to amend it by adding the words, "and for the encouragement of domestic manufactures." Mr. Randolph opposed the motion, insisting that domestic manufactures were those carried on in the families of farmers in the making of what used to be called Virginia cloth. If the gentleman from Georgia wished to amend the bill, he ought to call it a bill for the encouragement of one part of our domestic manufactures at the cost of another; or a bill to rob and plunder nearly one-half of the Union to fill the pockets of the other half. Let the friends of the bill christen their own child; he would not stand godfather to it. It referred to manufactures of no sort or kind whatever but the manufacture of a president of the United States. Mr. Wilde made a brief reply, agreeing with Mr. Randolph's opinion of the bill, but thought the manufactures in the family should be called household manufactures. He closed by withdrawing his motion.

Mr. Drayton of South Carolina moved to amend the title by striking out all after "An act," and inserting "to increase the duties upon certain imports for the purpose of increasing the profits of certain manufacturers." His main reason for so desiring to

amend the title was that a decision might be had on its constitutionality by an appeal to the supreme court on some case that might arise under its operation. This could not be done if the title remained as it now stood. A declaration by the power which enacted the law that it was intended for the protection of certain manufactures would bring up the constitutional question whether Congress could increase the duties on imports for such a purpose. Mr. Hodges of Massachusetts moved to amend this amendment by adding, "and to transfer the capital and industry of the New England states to other states in the Union." The previous question on the title was now moved and the House sustained the call. The previous question was put and carried; and the main question having been put as follows: "Shall this be the title of the bill?" it was carried without a division.

The bill was at once sent to the Senate, where it was debated for three weeks. Mr. Webster took the affirmative, declaring New England was now for protection. The southern members claimed the tariff was no advantage to them—that their wealth was diminishing rather than advancing. These complaints were probably due to a contrast between the region blighted by slave labor and that blessed with free industry. "We cannot manufacture," said Senator Hayne of South Carolina in 1832, "except

as to a few coarse articles; slave labor is utterly incapable of being applied successfully to such an object. Slaves are too improvident; too incapable of that minute, constant, delicate attention and that persevering industry which is essential to the success of manufacturing establishments."

On May 13, after receiving thirteen amendments, the bill passed the Senate by a vote of 26 to 21, and was returned to the House. There the amendments were agreed to two days later, and the president (John Quincy Adams) signed the bill on the 19th.¹ The act went into effect on the first day of the following September. All the southern senators, with four exceptions (two from Kentucky and one each from Tennessee and Louisiana), voted against the bill. Those from the middle and western states all voted for it. From New England, six voted for and five against. This was the most elaborate tariff act which had up to that time been enacted. It raised the average duties on total importations to 57.33 per cent, and to 61.69 per cent on dutiable articles.

The action of Congress in 1827 and 1828 on the subject of protection caused great excitement in the south, particularly in South Carolina. Public meetings, legislatures, and the press served as outlets through which the popular indignation poured in terms of extreme violence. Some think the south,

1. For the bill as finally passed, see Niles, XXXIV., 203.

by the stand taken on the subject, wished to frighten the north from the position it had assumed; while others think her action was induced by the belief that the protective policy really inflicted upon her the injury of which she so grievously complained.

The citizens of Columbia and Richland, South Carolina, addressed a memorial to the state legislature calling upon that body to "save them, if possible, from the conjoined grasp of usurpation and poverty." They said: "We exist as a member of the Union merely as an object of taxation. The northern and middle states are to be enriched by the plunder of the south. The citizens of South Carolina will be condemned to work as tributaries to the northern and middle sections of the Union. It is so now; and it is triumphantly determined to extend the system indefinitely." In a memorial to Congress they declared that "*Congress possesses no power* under the constitution to enact a system of protection; their honest earnings are legislated out of their pockets;" and that the burdens imposed upon them are "too heavy to be borne in silence any longer."

The citizens of the Colleton district held a meeting at Walterborough on June 12 to consider what measures should be adopted relative to the tariff bill recently passed. In an address to the people of the state they said:¹

1. Niles, XXXIV., 288.

“Your remonstrances and your implorations have been in vain; and a tariff bill has passed, not, indeed, such as you apprehended, but tenfold worse in all its oppressive features. . . . The question whether they (Congress) can constitutionally do this or not excites neither solicitude nor alarm, and appears unworthy of inquiry. Power seems to be right, and our representatives sit in desponding silence under the conviction that their voices could as easily move the Capitol from its basis as shake the purpose of interested cupidity. They protest, indeed, before they receive the blow.

“What course is left to us to pursue? Our northern and western brethren are not, cannot be ignorant of the operation of the system they advocate or of the powers they claim for the general government. They full well know, because like us they must *feel*, that it lifts them to prosperity while it sinks us into ruin. We have done by words all that words can do. To talk more must be a dastard's refuge.

“What course is left us to pursue? If we have the common pride of men or the determination of free-men, we must resist the impositions of this tariff. We stand committed. To be stationary is impossible. We must either retrograde in dishonor and shame, . . . or we must 'by opposing, end them.' To the very last vote in Congress we have kept this dreaded alternative from our minds, still clinging to the vain hope that some kindred feeling, some sense of constitutional justice, some spirit of forbearance and compromise, such as influenced our fathers when acting together, and the framers of this constitution, would rescue us from this bitter emergency. But it has come, and we may not shrink in meeting it.

“In advising an attitude of open resistance to the laws of the Union we deem it due to the occasion,

and that we may not be misunderstood, distinctly but briefly to state without argument our constitutional faith. For it is not enough that imposts laid for the protection of domestic manufactures are oppressive and transfer in their operation millions of our property to northern capitalists. If we have given our bond, let them take our blood. Those who resist these imposts must deem them unconstitutional, and the principle is abandoned by the payment of one cent as much as by ten millions.

"1st. We believe, then, that the state of South Carolina in entering into the confederacy of the United States was a sovereign state or nation, and retained all the powers not *expressly* granted to the confederacy, or such as were 'necessary and proper' to carry on the powers expressly granted into operation.

"2nd. We believe, as a corollary to this proposition, that the constitution of the United States is one of express, limited, and specific powers, and has no powers but those contained upon the face of the charter.

"3rd. We believe that the power to encourage domestic manufactures, by which one portion of the community is made tributary to another, is neither among the express powers granted by this constitution, nor is it 'necessary and proper' to carry any other expressly granted power into operation.

"4th. We believe that because commerce (with all the other great branches of industry) is incidentally affected and curtailed by laying imposts with a view to encourage domestic manufactures, that domestic manufactures cannot be encouraged by imposts laid under the general power granted of regulating commerce.

"5th. We believe that because, by the terms of the constitution, Congress has power to lay imposts

for revenue, it has not power therefore to lay imposts to encourage and foster manufactures without regard to revenue.

“6th. We believe that by the second clause of the tenth section of the first article of the constitution the power of fostering their manufactures by duties laid is expressly given to the several states, and consequently is as expressly denied to the general government.”

An address to the governor was also adopted, calling upon him to immediately convene the state legislature.

Many people favored retaliatory measures. An article in the *Columbia (S. C.) Telescope* suggested that the legislatures of Virginia, North Carolina, South Carolina, Georgia, and Alabama prohibit the introduction of horses, mules, hogs, beef, cattle, bacon, and bagging from Ohio, Kentucky, Tennessee, and Indiana; whisky, beer, flour, and cheese from New York and Pennsylvania; and also to lay on these last named states “a municipal tax, amounting to prohibition, on all stock in trade consisting of goods, wares, or merchandise, the produce of those states.”

Another paper said: “The object of every agriculturist should be in the first place to devise means for the destruction of the manufacturing mania.” The *Southron*, of Milledgeville, Ga., called the tariff “an accursed chain to bind us as victims to the idol mammon;” and added: “We must now turn ourselves to other means and other defences, constitutional in-

deed, but at the same time with spirit pushing resistance to the very bounds of the constitution. Let there be a wall raised between them and us; and let us say unto them as Abraham said unto Lot: 'Let there be no strife, I pray thee, between thee and me, and between thy herdsmen and my herdsmen; for we are brethren. Is not the whole world before thee? Separate thyself, I pray thee, from me; if thou wilt take the left hand, then I will go to the right; or if thou depart to the right hand, then I will go to the left.'

"Let us lay upon ourselves the injunction which God, through Moses, laid on the Israelites: 'And thou shalt gather all the spoil of it into the midst of the street thereof, and shalt burn with fire the city and all the spoil thereof; and there shall cleave naught of the cursed thing to thine hand.'

"Let us govern ourselves by the advice of the apostle: 'Touch not, taste not, handle not the unclean thing which is theirs.' And for this purpose we would recommend *that a congress assemble from all the states opposed to the protective tariff*, in order to advise and recommend to the different legislatures and the people such measures, as may seem best calculated to protect them from the operations of the tariff bill, *and prevent the introduction and use of tariffed articles in their respective states.*"

Such was the state of public opinion at the south

at this time as contrasted with that at the north as represented by the New York resolutions.¹

The second session of the twentieth Congress met December 1, 1828. Georgia and South Carolina, through their state legislatures, soon after presented protests against the tariff of the preceding session. The protest from Georgia² pronounced that act "deceptive in its title, fraudulent in its pretexts, oppressive in its exactions, partial and unjust in its operations, unconstitutional in its well-known objects, ruinous to commerce and agriculture—to secure a hateful monopoly to a combination of importunate manufacturers." The protest continued in language similar to that employed in her correspondence with the general government during the controversy concerning the removal of the Indians in 1825, and with a hint of nullification, as the concluding paragraph shows:

"Demanding the repeal of an act which has already disturbed the Union, endangered the public tranquility, weakened the confidence of whole states in the federal government and diminished the affection of large masses of the people to the Union itself, and the abandonment of the degrading system which considers the people as incapable of wisely directing their own enterprises; which sets up the servants of the people in Congress as exclusive judges of what pursuits are most advantageous and suitable for those by whom they were elected; the state of Georgia expects that, in perpetual testimony thereof, this deliberate and

1. See page 96.

2. See Benton's "Abridgment," X., 221; Niles, XXXV., 291.

solemn expression of her opinions will be carefully preserved among the archives of the Senate; and in justification of her character to the present generation and posterity if, unfortunately, Congress disregarding this protest and continuing to pervert powers granted for clearly defined and well understood purposes to effectuate objects never intended by the great parties by whom the constitution was framed to be entrusted to the controlling guardianship of the federal government, should render necessary measures of a decided character for the protection of the people of the state and the vindication of the constitution of the United States."

Senator Smith of South Carolina presented the protest of that state. It assigned at length the reasons for protesting against the system of protecting duties, which it pronounced unconstitutional, oppressive, and unjust; and lest an apparent acquiescence in the system should be drawn into precedent, the legislature, in the name of the commonwealth, desired to enter protest in the journal of the Senate. Mr. Smith referred to the various restrictive measures of the general government—tariffs, embargo, and non-intercourse acts—under which his state suffered. Further, he "believed there was not a man in the country not interested in manufactures who would not be glad to see all the goods used in the country smuggled into it; and there was not a virtuous man who would inform. We have hitherto been celebrated as a moral people, but these were the effects of your tariff system."

Mr. Hayne also complained of the effects of this policy upon the south; discussed the constitutionality of the protecting system; and undertook to prove that Jefferson had been unjustly claimed as a friend to that principle. The protest was ordered to be printed.

After Jackson was elected to the presidency there was much speculation as to the position he would take regarding the tariff. As has been seen, in 1824 he operated with the ultra protectionists; and but recently, in his reply to the legislature of Indiana, he had reaffirmed his belief in the principle. But of this his southern supporters were uncompromising opponents, and it was considered a difficult matter to so dispose of the subject that neither branch of his party would take offense. In his first message to the first session of the twenty-first Congress, which met December 7, 1829, his views were expressed substantially as follows:

Agriculture and commerce had not been so greatly injured, nor had manufacturing been benefited to so great a degree from the operations of the tariff as had been anticipated. No sensible diminution was perceptible in the importation of foreign goods, while the increased production caused by domestic competition more than supplied the home demand, and the consequent reduction of prices had subjected the manufacturer to partial loss. Unrestricted intercourse

between nations was desirable, but the selfish legislation of others must be counteracted by us. Some provisions of the tariff required modification; and in graduating the duties upon foreign products, our own should be placed in a fair competition with them; and there were inducements to pass a step beyond this in regard to articles of prime necessity in time of war. The delicacy of this operation required the greatest caution. Frequent legislation in regard to any branch of industry, affecting its value and transferring its capital to new channels, was productive of hazardous speculation and loss. In the consideration of this subject local feelings and prejudices should yield to the determination to promote the great interests of the whole. They should have no connection with party conflicts. Different sections of the country should unite in diminishing any burden of which another might justly complain. The agricultural interest, from its connection with all others, and from its superior importance, deserved particular attention. It was principally as manufactures and commerce tended to increase the value of agricultural productions that they deserved the fostering care of this government.

In the famous Webster-Hayne debate in the Senate in January, 1830, the east was charged with hostility to the west, and the tariff was mentioned as an instance of selfish policy designed to prevent western

emigration. Webster repelled the charge with the cause assigned for it. New England was not the author of the tariff. The tariff of 1816 was more a southern than an eastern measure. And in 1824 there were in each of a majority of the western states, and even in Virginia, more votes in favor of the tariff of that year than in Massachusetts. It had been forced upon New England.

An act for the more effectual collection of duties was passed by Congress during the session of 1829-30. Mr. Mallary showed that the revenue had suffered very greatly from frauds committed by false invoices and sample packages, and by various other expedients. He estimated that for the last ten years the treasury had been defrauded to the extent of \$3,000,000 annually. Mr. McDuffie of South Carolina, by way of amendment, offered a bill previously reported by himself, proposing an essential reduction of all the duties on hemp, wool, cotton, iron, salt, sugar, molasses, etc. He favored enforcing the collection of revenue, even though he might object to the laws by which it was levied. But in this case he would do it by the reduction of the duties, thus removing the inducements to evade them. He occupied the floor several days discussing the policy of protection and exhibiting what he deemed its pernicious effects upon the country. His amendment was negatived, and the bill became a law after receiving some amendments.

Other acts were passed: two on May 29, one of which reduced the duty on molasses from ten to five cents per gallon and allowed a drawback on spirits distilled from foreign materials, and the other reduced the duty on salt; and one a few days earlier reduced the duties on tea, coffee, and cocoa. By the act of 1828 the tariff was doubled on molasses and a revenue duty was laid on tea, coffee and other articles, much against the wish of consistent protectionists. It was alleged that this increase of duty was but to operate against the bill by making it objectionable to the friends of protection. For this reason, and because the revenue was not now so much needed, the passage of these laws was doubtless facilitated.

President Jackson in his message to Congress in December, 1831, recommended such modification of the tariff as would reduce the revenue to the needs of the government. The extinction of the national debt during his term seemed apparent. But justice to the interests of the merchant and manufacturer required that material reductions in duties be made prospective.

On February 8, 1832, Mr. McDuffie, chairman of the committee on ways and means, reported a bill in conformity with the views of the opponents of protection. He proposed a reduction of duties to the revenue standard after the payment of the public debt. Duties on iron, steel, sugar, cotton, bagging, hemp,

flax, salt, and manufactures of iron, cotton, and wool, were to be twenty per cent *ad valorem* for the year following June 30, 1832; then eighteen and three-fourths per cent for a year; then twelve and one-half per cent indefinitely. All other goods taxed more than twelve and one-half per cent at the time of the passing of the bill were to be taxed twelve and one-half per cent after June 30, 1832. A counter report¹ was made by Ingersoll of Connecticut and Gilmore of Pennsylvania. Verplanck of New York, of the same committee, dissented from both.

At the request of the House Mr. McLane, secretary of the treasury, made a report on the tariff on April 27, 1832, accompanying it by a bill.² This bill was framed to bring a revenue of \$12,000,000 a year, a reduction of about \$10,000,000. It reduced the duty on unmanufactured wool not exceeding ten cents per pound in value to five per cent *ad valorem*; on that exceeding ten cents, to twenty per cent. On manufactures of wool the rate varied from ten to fifty per cent. The minimum system *as to woollens*, except the cheaper qualities, was wholly abolished. Cotton goods not exceeding thirty-five cents per yard in value were rated at twenty per cent. Iron was rated at from fifty cents per 112 pounds to \$30 per ton in certain forms, and at thirty per cent *ad valorem* in others. On sugar the rate was two and one-

1. For these reports see Niles, XLII., 134 foll.

2. *Ib.*, p. 183 foll.

half to three and one-third cents per pound. On all articles not named as free or dutiable, the rate was to be fifteen per cent, making the aggregate sum as nearly as possible equal to the necessary expenditures of the government. The bill was a compromise, and satisfied neither of the two great interests which would chiefly be affected by a reduction of the revenue. Neither it nor the preceding seems to have received any notice in the House except a lengthy speech from Mr. McDuffie in support of his bill.

On May 23 John Quincy Adams, from the committee on manufactures, reported a bill¹ which dissented from some of the views expressed by the president in his message, and contrasted them with those previously declared by him, showing the two to be in plain collision. The committee decidedly objected to the suggestion of submitting each interest "singly for deliberation," without reference to a general system. They held that by such a rule no system of protection had ever been adopted, and by it none could stand; and they feared an attempt to disturb the tariff so recently revised would "spread alarm among the great interests of the country, shake confidence in the plighted faith of the government, and expose the whole country to the dangers of a most selfish policy which might be adopted by foreign nations."

1. Niles, XLII., 231, 244, and 247.

The bill presented by Mr. Adams was drawn so as to receive the support of a majority of the committee, but was not in all details satisfactory to any one of its members. However, it supplanted those of McDuffie and McLane. The discussion was a brief one and was led by Bell of Tennessee and McDuffie for the south, and by Burgess of Rhode Island for the north. Sectional lines were closely drawn by the southern speakers. A few amendments were made, and it passed the House on June 28 by a vote of 132 to 65. The Senate made a number of amendments, some of which were agreed to by the House. A conference was had on the others, and the Senate receded from them. The bill then passed the Senate by a large majority—32 to 16. The votes against it in both houses were chiefly from members who objected to it because it did not surrender the *principle* of protection.

Under this act the minimum system of 1828 was entirely abolished. The duty on hemp was reduced from \$60 a ton to \$40. On flax the duty had been \$60 a ton, but it was now transferred to the free list. Pig- and bar-iron were put back to the rates of 1824.

CHAPTER VIII.

THE COMPROMISE WITH NULLIFICATION.

DURING the period between the war of 1812 and the compromise with nullification a number of other acts relating to customs duties were passed. They were the following:

February 13, 1813, an act imposing a duty on iron wire.

July 29, 1813, an act laying a duty on imported salt, with provisions about fisheries.

March 3, 1815, an act abolishing discriminating duties in the case of nations which had abolished discriminations against the United States.

February 15, 1816, an act continuing the war duties of 1812 until June 30, 1816, and thereafter imposing forty-eight per cent in addition to the rates previous to July 1, 1812.

April 30, 1816, an act concerning drawbacks.

April 20, 1818, an act relating to methods of administration.

March 3, 1819, two acts: one relating to discriminating duties, the other to regulate duties on certain wines.

February 11, 1825, an act remitting duties on books and maps for the library of Congress.

May 19, 1828, an act altering certain duties.

May 24, 1828, an act relative to discriminating duties.

July 23, 1832, a section of seven lines, in an act to carry out the convention with France, relative to duties on wines; and an act concerning tonnage on Spanish vessels.

March 2, 1833, an act to explain and amend the act of 1832.

In the south strong opposition continued to be made to the tariff. This was especially true in South Carolina, where the leaders of public opinion continually kept the minds of the people almost in a state of white heat. At length, with the moral support of Georgia and Alabama, she did what she had so long threatened—resolved to forcibly oppose the enforcement of the tariff laws. At the call of the governor, the legislature met on October 22, 1832. An act was passed calling a convention to meet on the third Monday in November “to consider the character and extent of the usurpations of the general government.” The members of the minority appealed to the people of the state to discountenance the nullification scheme. The passage of the act caused great rejoicing. The convention met on November 19, and on the 24th adopted “An act to

nullify certain acts of the Congress of the United States purporting to be laws laying duties and imposts on the importations of foreign commodities.”¹ It declared that the acts of 1828 and 1832 “are unauthorized by the constitution of the United States and violate the true meaning and intent thereof, and are null, void, and no law, nor binding upon this State, its officers or citizens; and all promises, contracts, or obligations made or entered into, or to be made or entered into with purpose to secure the duties imposed by the said acts, and all judicial proceedings which shall hereafter be had in affirmance thereof, are and shall be utterly null and void.

“And it is further ordained that it shall not be lawful for any of the constituted authorities, whether of this State or of the United States, to enforce the payment of duties imposed by the said acts within the limits of this State; but it shall be the duty of the legislature to adopt such measures and pass such acts as may be necessary to give full effect to this ordinance, and to prevent the enforcement and arrest the operation of the said acts and parts of acts of the Congress of the United States within the limits of this State, from and after the first day of February next, and the duty of all other constituted authorities, and of all persons residing or being within the limits of this State, and they are hereby required and

1. See Benton's "Thirty Years' View," I., 297.

enjoined to obey and give effect to this ordinance and such acts and measures of the legislature as may be passed or adopted in obedience thereto.”

It further ordained that from the decisions of the courts of that state or acts of the legislature relating to the ordinance, no appeal should be taken or allowed to the supreme court of the United States. All public officers except members of the legislature were required to take oath to obey and enforce the ordinance and the acts of the legislature authorized by it. And it was finally declared that rather than submit to force on the part of the United States, South Carolina would withdraw from the Union and organize a separate government.

South Carolina had now placed herself in a position of open and forcible resistance to the government of the United States. And before the date fixed upon it was hardly possible for the existing Congress to amend the laws, even if it had wished to do so. Besides, the new Congress, on which dependence was especially placed, would have no legal existence until more than a month after the ordinance was to go into effect. It was signed by more than one hundred citizens of the greatest respectability, and officially sent to President Jackson. The legislature passed the laws necessary to put the ordinance into operation, and authorized the use of military force and the purchase of one thousand stands of arms. The presi-

dent had referred only briefly, in his message to Congress on December 3, to the opposition in South Carolina to the revenue laws. He thought any revolt could be suppressed under the present laws; but in case any exigency should arise, prompt notice would be given.

Almost immediately after the delivery of this message, news reached Washington of the passage of the ordinance. Jackson took decided action at once. General Scott was ordered to Charleston, troops were collected, and two vessels of war were sent. On December 10 he issued his proclamation to the people of South Carolina. It was written by Edward Livingston, secretary of state, who was a native of New York, but then a resident of Louisiana. "The word proclamation does not describe it. It reads more like the last appeal of a sorrowing but resolute father to wayward, misguided sons. Argument, warning, entreaty were blended in its composition."¹

"It has been asserted that Jackson did not like the constitutional doctrines of the proclamation, which are Madisonian Federalist, and not such as he held, but that he let the paper pass because of the lack of time to modify it. There is nothing of the Jacksonian temper in the document. It is strong, moderate, eloquent, and at last, even pathetic."²

The proclamation³ is of great length. Aside from

1. Parton's "Life of Jackson," III., 467.

2. Sumner's "Jackson," p. 282.

3. Williams' "Statesman's Manual," II., 794; Benton's "Thirty Years' View," I., 299.

the southern nullifiers, it voiced the opinion and feeling of the whole country, and brought Jackson the support of many people who had opposed him. On the other hand, it completely astonished the southerners, who deemed it inconsistent, even treacherous, and who ascribed the attitude taken by Jackson to his hatred of Calhoun. They denounced it as a "declaration of war by Andrew Jackson against the State of South Carolina;" "the edict of a dictator;" and in other equally strong expressions. The supporters of the government were strong, however, in Charleston and in the western counties of the state, and though in the minority, did all they could to sustain it. Hayne, who had just been elected governor, issued a counter proclamation to that of the president.

Finally, so far did the leaders go, that the president felt the need of further powers. Accordingly on January 16, 1833, he sent a message¹ to Congress officially notifying that body of the state of affairs, and suggesting that such measures be adopted as the crisis seemed to demand. In conformity with this recommendation the judiciary committee reported a bill giving him power to employ the land and naval forces of the government to enforce the collection of the revenue if resistance should be offered.

Meantime Virginia offered to mediate between

1. See localities cited.

South Carolina and the general government. Her legislature adopted resolutions asking South Carolina to rescind the ordinance of nullification, or at least to suspend its operation until the close of the first session of the next Congress; requesting Congress gradually and speedily to reduce the revenue from duties on imports to the standard of the necessary expenses of the government; and reasserting the doctrine of state sovereignty and state rights as set forth in the resolutions of 1798, which neither sanctioned the ordinance of South Carolina nor countenanced all the principles of the proclamation, many of which were in direct conflict with them. A commissioner was appointed to carry the resolutions to the governor of South Carolina to be laid before the legislature, and to expostulate with the public authorities and the people of that state for the preservation of the peace of the Union.

The revision of the tariff, too, had already been undertaken by Congress. The president had recommended it in his message at the opening of the session. He thought that a tariff of high duties, designed for perpetual protection, had entered into the minds of but few American statesmen; that the most they had anticipated was a temporary and generally incidental protection. But experience makes it doubtful whether the advantages of a protective system are not counterbalanced by many evils. What then was

to be done? Obviously nothing but the public safety could justify the sudden abandonment of those industries which had grown up under the implied pledge of national legislation. But capital invested in them cannot expect that the people will continue to pay high taxes permanently for its benefit when the money is not required for any legitimate administrative purposes. Is it not enough that the high duties have been paid as long as the money arising from them could be applied to the extinguishment of the public debt?

An enlarged view of the condition of the country showed that the policy of protection must ultimately be limited to those articles of domestic manufacture which are indispensable in time of war. Beyond this limit the system was productive of discontent. Its tendency was, some held, to concentrate wealth into a few hands, thus creating monopolies.

On December 13 the Senate called on the secretary of the treasury, Louis McLane, for recommendations for a new tariff bill, and on December 27 Mr. Verplanck, chairman of the House committee on ways and means, reported a bill based on the secretary's views. It proposed a sweeping reduction, amounting within two years to almost one-half the rates under former tariffs, with a further reduction after 1834 to a "horizontal" rate of fifteen or twenty per cent. This reduction was advocated because the

payment of the national debt had made \$13,000,000 (one-half) of the public revenue unnecessary. The debate on the bill lingered in the House until late in February. The immediate friends of the administration seemed to be the only ones who heartily supported it, and they were greatly outnumbered by the opponents. So many amendments were made that it almost lost its identity.

Although the probability was small that the bill would pass before adjournment, the protectionists feared an attempt would be made in the next Congress to destroy the protective system. To prevent this if possible, and to avert civil war, Mr. Clay on February 12, 1833, introduced into the Senate his compromise bill, and spoke at some length in support of it. He said:

“I believe the American system to be in the greatest danger; and I believe it can be placed on a better and safer foundation at this session than at the next. I heard with surprise my friend from Massachusetts say that nothing had occurred within the last six months to increase its hazard. I entreat him to review that opinion. Is it correct? Is the issue of numerous elections, including that of the highest officer in the government, nothing? Is the explicit recommendation of that officer in his message at the opening of the session, sustained as he is by a recent triumphant election, nothing? Is his declaration in his proclamation that the burdens of the south ought to be relieved, nothing? Is the introduction of the bill in the House of Representatives during this ses-

sion, sanctioned by the head of the treasury and the administration, prostrating the greater part of the manufactures of the country, nothing? Are the increasing discontents nothing? Is the tendency of recent events to unite the whole south nothing? What have we not witnessed in this chamber? Friends of the administration bursting all the ties which seemed indissolubly to unite them to its chief and, with few exceptions south of the Potomac, opposing and vehemently opposing a favorite measure of that administration, which three short months ago they contributed to establish! Let us not deceive ourselves. Now is the time to adjust the question in a manner satisfactory to both parties. Put it off until the next session and the alternative may, and probably then would be, a speedy and ruinous reduction of the tariff or a civil war with the entire south."

He wished the tariff withdrawn from politics, expressing himself thus with respect to that withdrawal: "I wish to see the tariff separated from the politics of the country, that business men may go to work in security, with some prospect of stability in our laws, and without everything being staked on the issue of elections, as it were on the hazard of the die." He then explained the principles of his bill, which was a series of annual reductions of one-tenth of all the duties above twenty per cent on January 1, 1834; one-tenth more on January 1, 1836; again one-tenth in 1838; and another in 1840. On January 1, 1842, one-half the remaining excess was to be taken off, and on July first the other half. After that time the

duties on about one hundred articles were to be wholly abolished. Most of these articles were not produced in the country or did not stand in need of protection. But Congress was to have the right, in case of war with any foreign power, to impose such duties as might be necessary to prosecute the war. On coarse woolens, however, costing not more than thirty-five cents per square yard, the duty on which had been reduced to five per cent by the act of 1832, should first be raised to fifty per cent, the same as the rate on other woolens. To the free list were to be added, after December 31, 1833, silk manufactures coming from this side of the Cape of Good Hope, and worsted goods. After 1842 Congress might, at discretion, impose duties not exceeding twenty per cent on the home valuation of all goods then free or paying less than twenty per cent; all duties to be paid in cash, credits being abolished.

Objection was made to the introduction of the bill in the Senate on the ground that all bills for raising revenue, to which class all tariff bills belonged, could originate only in the House. But it was contended that the purpose of this bill being to *reduce* revenue, the constitution would not prohibit its origin in the Senate.

The chief opposition to the bill came from the advocates of protection. Mr. Webster opposed it because, in giving up specific duties and substituting

ad valorem, it abandoned the policy of protection, and because it restricted the future legislation of Congress. After a few of the first reductions, the manufacturers of some kinds of goods would be ruined; such goods as boots, shoes, and clothing. Calico printing establishments would be broken up. Woolen establishments could not stand with a duty of twenty per cent. The protection of iron, too, was too low. A change from specific to *ad valorem* duties would be injurious, and once made, we could never return to the present state of things.

On February 25, while the House was engaged in a stormy debate over Mr. Verplanck's bill, Mr. Letcher of Kentucky moved to strike out the whole of it except the enacting clause and insert that of Mr. Clay. This motion was unexpected to some of the members, and they were surprised and amazed; but the majority was ready for action. Delay was asked but was not granted. The bill was strongly opposed on the ground of hasty action. It was introduced late in the evening, but before adjournment it was ordered to third reading by a vote of 105 to 71. The mass of the manufacturing interest voted against it. It passed the House the next day, 118 to 84. On March 1 the bill was again taken up in the Senate in the form in which it had passed the House, and was advocated by Clay, Calhoun, Ewing, and others, and opposed by Webster, Dallas, Forsyth and

Wright. However, both the latter voted for the bill, probably on the ground of its being a pacific measure. The vote was yeas 29, nays 16.

"And the bill was called a 'compromise,'" says Senator Benton, who opposed it, "which the dictionaries define to be an 'agreement without the intervention of arbitrators;' and so called, it was immediately proclaimed to be sacred and inviolable, as founded on mutual consent, although the only share which the manufacturing states (Pennsylvania, New Jersey, Maryland, Massachusetts, Rhode Island, Vermont) had in making the 'compromise' was to see it sprung upon them without notice, executed upon them as a surprise, and forced upon them by anti-tariff votes, against the strenuous resistance of their senators and representatives in both Houses of Congress."

This compromise tariff settled nothing. Jackson wanted it for the sole purpose of saving the Union. Clay, although he "would rather be right than be president," was yet a candidate for the presidency, and "the concealed magnet of the White House often makes the most honest compasses deflect from the north star of principle."² The bill was the result of an agreement between Clay and Calhoun, leaders in opposing camps. "Considered as a political measure," says Professor Taussig,³ "the act of 1833 may

1. "Thirty Years' View," I., 319.

2. Thompson, "Political Economy," p. 353.

3. "Tariff History of the United States," p. 111.

deserve commendation. As an economic or financial measure there is little to be said of it. It was badly drafted. No provision was made in it as to specific duties; and yet it was obviously meant to apply to such duties, and the secretary of the treasury had to take it upon himself to frame rules as to the manner of ascertaining the *ad valorem* equivalents of specific duties and making the reductions called for by the act."

As has been seen, the president in his message to Congress in January requested that increased powers be given him so that he might act effectually in the difficulty with South Carolina, and the Senate committee on judiciary reported a bill on the 21st for the enforcement of the collection of revenue. This was currently called the "Force Bill," and in South Carolina the "Bloody Bill." It was opposed by Tyler and supported by Webster. It was not passed until February 20, action on it having been delayed by the debate on the tariff. The vote was 32 to 1, all the senators opposing the bill having withdrawn except Tyler. In the House the vote was 150 to 35. Thus by the enactment of the tariff and enforcement acts, "the olive branch and the rod were bound up together."

The ordinance of nullification was to go into effect on February 1, but owing to the intervention of Virginia and the introduction into Congress of a bill to

modify the tariff, it was agreed by common consent to suspend the operation of the ordinance until after the adjournment of Congress. The compromise tariff was not altogether acceptable to the nullifiers, but was regarded as a substantial victory. At any rate it afforded South Carolina a plausible reason for receding from the unenviable position into which she had thrust herself. At the call of the governor the convention met again on March 11. The tariff had gone into effect on March 3, and the convention repealed the ordinance of nullification. But before adjourning it passed another, nullifying the enforcement act.

Although not wholly satisfied, South Carolina claimed the glory of a triumph. One of the leading newspapers expressed the sentiments of the nullification party generally as follows:

“Never was there a prouder instance of the might of just principles, backed by a high courage. This little State, a mere panoply of courage and high principles, has foiled the swaggering giant of the Union. Thirty thousand Carolinians have not only awed the wild west into respect—compelled Pennsylvania stolidity into something like sense—New York corruption into something like decency—Yankee rapacity into a sort of image of honesty; but (alluding to the Union party) all this has been loftily and steadily done in the face of 17,000—what shall we call them? What epithet is of a shame wide, lasting, and deep enough for the betrayers of the liberties of their country—the instigators of merciless

slaughter—the contrivers of irretrievable servitude, against their own striving State?

“The tariff, then, is overthrown; the corrupt majorities in Congress have yielded. The madness of the government has, at last, found a slight lucid interval.”

Speaking of the enforcement act, the editor said he believed it had been passed “in mere bravado, only to cover up the shame of their defeat;” it was “quite certain it would not be submitted to by that State.”

Under the act of 1833 the gradual reduction of the tariff which it provided for went on, as did also the gradual closing up of the factories and shops. The capital invested in manufactures was driven into other channels. The sale of public lands rose in 1836 to more than ten times the former average rate. Inflation of prices and expansion of currency proceeded to an enormous extent, and imports increased seventy-five per cent. There was wild speculation of all kinds. And the result was a financial panic in 1837 which affected the whole country, from the general government down to the laborer. The revenue of the government was reduced to such an extent that it was obliged to ask for loans both at home and abroad. In 1832 the duties averaged 44.23 per cent on the total importations, and 47.38 per cent on those that were dutiable; but in 1834 they were reduced to 21.83 per cent and 40.19 per cent, and in

1837 as low as 16.05 and 29.18 respectively. In 1842 the rates on dutiable commodities had reached an average of 25.81 per cent. In July 1836 and September 1841 acts were passed relating to the tariff, but they made only very slight changes.

CHAPTER IX.

THE WALKER TARIFF AND THE ACT OF 1857.

BECAUSE of the low stage to which the business of the country had fallen, it was generally agreed at the opening of Congress in December 1841 that the revenue should be increased, and a revision of the tariff was begun. The presidential election of 1840 had resulted in a revolution against the Democratic party, and the success of General Harrison was the downfall of Van Buren. The House committee on manufactures experienced great delay in obtaining the information needed upon which to base a report, and it was not until March, 1842, that one was made. The report stated that the estimated expenses for the current year were about \$26,000,000, which would leave a deficit of about \$14,000,000. The demands on the treasury would probably be so great that it was absolutely necessary that permanent provision should be made for an increased revenue. That from the twenty per cent duties of 1833, to be collected after the thirtieth of the following June, would not exceed \$15,000,000. The committee stated the provisions of their bill as follows:

1. A general *ad valorem* duty of thirty per cent,

with a few exceptions, where the duty is on that principle.

2. A discrimination is made, for the security of certain interests requiring it, by specific duties, in some instances below, in others above, the rate of general *ad valorem* duty.

3. As a general principle, the duty on the articles subject to discrimination is made at the rate it was in 1840, after the deduction of four-tenths of the excess over twenty per cent under the act of 1833. Many departments of industry were successful under this reduction which would not bear the reduction of January last, and would be overwhelmed under the full operation of that act.

While this bill was being discussed in committee of the whole, Mr. Fillmore of the committee of ways and means laid before the House the report of the secretary of the treasury, Mr. Forward. He recommended a bill more of a revenue character than the above.

As the last reduction under the compromise act was to take place on June 30, and as there was no prospect of the passage of a new tariff law in time to prevent the operation of that act, a bill was reported and was taken up on June 10 to extend until August 1, all laws regulating the duties existing and in force on June 1, with the proviso that nothing therein contained should suspend the operations of the dis-

tribution law—the law passed at the extra session of the preceding year to distribute the proceeds of the sales of public lands among the states. This bill was intended primarily to afford time to pass a permanent law, but was also deemed necessary for another purpose. The compromise act provided that after June 30 there was to be a home valuation and cash duties. No law had been passed to regulate the collection under these provisions, and it was doubted whether there was any law to enforce them. This provisional tariff act passed the House by a vote of 116 to 103 on June 15; and the Senate 24 to 19 on the 24th. On the 29th the president, Mr. Tyler, returned it with his veto. The bill was again debated for several days, and on July 4, when the question was taken on the passage of the bill over the veto, it fell short of the required two-thirds, the vote being 114 yeas to 95 nays, with 31 absent.

On the next day the House again took up the committee's bill, and on the 16th, after receiving several amendments, it passed by a vote of 116 to 111. It passed the Senate on August 5, 25 to 23. The vote in both Houses was almost strictly partisan. One Democrat in the House (Mr. Parmenter of Massachusetts) voted for the bill and sixteen Whigs against it, all but one being from the southern states. In the Senate the votes in its favor were all Whigs, while three Whig senators from the south voted against it.

This bill also failed to receive the approval of the president, and was returned to the House with another veto. This "ditto" veto, as it was called, was taken up the next day for consideration, and on motion of John Quincy Adams the unusual course was taken of referring it to a select committee of thirteen members, with instructions to report upon it to the House. This committee divided politically and three reports came from it, one against the veto and two for it. When the bill was put to vote again it was found to fall as far short of a two-thirds majority as at first, and was rejected.

But additional revenue was absolutely necessary. It was now near the end of August, and Congress had been in session nine months. A bill was hurried through the House in a few days—the same as that before passed, except that the clause requiring the distribution of the proceeds of the sales of the public lands was dropped, and a change made which admitted coffee free of duty, and also tea imported from beyond the Cape of Good Hope in American vessels. The vote was close—105 to 103. The bill passed the Senate, after receiving some amendments with which the House concurred, by a vote that was likewise close—25 to 23. It was approved by the president on August 30. The contest between him and Congress had been quite spirited.¹ The average duties under this act rose to 30.50 per cent on total impor-

1. See Von Holst's "Constitutional History of the United States," II., 451-463,

tations, and to 36.88 per cent on the dutiable, on the business of 1844.

The question again came before Congress in 1845, it being evident for some time before the opening of the session that an effort would be made to revise the tariff of 1842. The minimum principle and specific duties, two principles of that tariff, were opposed by both President Polk and his secretary of the treasury, Robert J. Walker. England was agitating the repeal of the Corn Laws and vigorously preaching free trade doctrines to the world. Mr. Walker imbibed the spirit of the leaders of this movement and became their disciple. The president in his message to Congress violently attacked the tariff of 1842, and the report of the secretary which followed sustained the position there taken. This report by Mr. Walker¹ was the inspiration of the tariff of 1846, and is considered an important paper in our revenue history. In making his recommendations for a revision of the tariff he was governed by these principles:

1. That no more money should be collected than is necessary for the wants of the government, economically administered.

2. That no duty be imposed on any article above the lowest rate which will yield the largest amount of revenue.

3. That below such rate discrimination may be made, descending with the scale of duties; or for im-

1. See Taussig's "State Papers and Speeches on the Tariff," p. 214.

perative reasons the article may be placed in the list of those free from all duties.

4. That the maximum revenue duty should be imposed on luxuries.

5. That all minimums and all specific duties should be abolished, and *ad valorem* duties substituted in their place,—care being taken to guard against fraudulent invoices and undervaluation, and to assess the duty upon the actual market value.

6. That the duty should be so imposed as to operate as equally as possible throughout the Union, discriminating neither for nor against any class or section.

“No horizontal scale of duties is recommended because such a scale would be a refusal to discriminate for revenue, and might sink that revenue below the wants of the government. Some articles will yield the largest revenue at duties that would be wholly or partially prohibitory in other cases. Luxuries, as a general rule, will bear the highest revenue duties; but even some very costly luxuries, easily smuggled, will bear but a light duty for revenue; whilst other articles of great bulk and weight will bear a higher duty for revenue. There is no instance within the knowledge of this department of any horizontal tariff ever having been enacted by any one of the nations of the world. There must be discrimination for revenue, or the burden of taxation must be augmented, in order to bring the same amount of money into the treasury. It is difficult, also, to adopt any arbitrary maximum to which an inflexible adherence must be demanded in all cases.

“A protective tariff is a question regarding the enhancement of the profits of capital. That is the object, and not to augment the wages of labor, which would reduce those profits. It is a question of percentage, and it is to decide whether money vested in our manufactures shall, by special legislation, yield a profit of 10, 20, or 30 per cent, or whether it shall remain satisfied with a dividend equal to that accruing from the same capital invested in agriculture, commerce, or navigation.

“No prejudice is felt by the Secretary of the treasury against manufactures. His opposition is to the protective system, and not to classes or individuals. He doubts not that the manufacturers are sincerely persuaded that the system which is the source of so much profit to them is beneficial to the country. He entertains a contrary opinion, and claims for the opponents of the system a settled conviction of its injurious effects. Whilst a due regard to the just and equal rights of all classes forbids a discrimination in favor of the manufacturers by duties above the lowest revenue limit, no disposition is felt to discriminate against them by reducing such duties as operate in their favor below that standard. Under revenue duties, it is believed, they would still receive a reasonable profit—equal to that realized by those engaged in other pursuits; and it is thought they should desire no more, at least through the agency of governmental power. Equal rights and profits, so far as laws are made, best conform to the principles upon which the constitution was founded, and with an undeviating regard to which all its functions should be exercised, —looking to the whole country and not to classes or sections.”

This report was severely criticised both in Con-

gress and out. The committee on ways and means, with the help of the secretary, spent a long time in drafting a bill, but one was finally reported to the House on April 14 by Mr. McKay of North Carolina. The debate was closed by agreement on July 2, when the bill passed 114 to 97. The Senate did not vote on it for nearly three weeks, and as that body was known to be evenly divided in its opinion of the bill, its action was awaited with great anxiety. But it passed by a very narrow margin (28 to 27) on July 28, and was approved by the president. Imported articles were grouped under nine schedules, designated by letters of the alphabet. The duties levied were 100 per cent on spirits; 40 per cent on spices, tobacco, wines, and preserved fruits and meats; 30 per cent on carpets, cotton, silk, linen, wool, glass, leather, iron and sugar. Other rates ranged from 25 per cent down to five, with a free list. In 1847 the average duties collected on all importations under this act were 27.70 per cent, and they fell to 21.68 in 1856. •

At the same session was passed a bill establishing the so-called *warehouse system*. It provided that goods imported might be deposited in public stores without the payment of duties and kept there at the charge and risk of the owner, importer, or consignee. If the duties were paid at any time within a year, the goods were to be delivered. Or they were to be

delivered without the payment of duties in case of reshipment, and on security being given that they would be landed outside the jurisdiction of the United States. This bill was called "an adjunct to the anti-protective act," and it was feared would greatly reduce the revenue. As it would enable foreigners to send goods at pleasure and store them in the warehouses without paying the duties until the market suited them, it was also called "a law to provide storehouses for foreign goods at a low rent." And large quantities were imported and stored until the first of the following December, when the new tariff went into effect and the advantage of low duties was secured.

Under this act revenue was the end and protection an incident, but the latter element proved large enough to make the revenue more than sufficient for the needs of the government. Yet it was too low to afford the protection needed by many industries. It continued in force until 1857, when a bill was passed making a further reduction of twenty to twenty-five per cent, and greatly enlarging the free list. The duties were now lower than they had been since the war of 1812, and the act was well received by the people generally. But almost immediately after its passage there was a heavy increase in importations, and a very heavy drain upon the reserved specie of the country followed, as the shipment of agricultural

products failed to equal the imports. About six months later a disastrous financial panic swept over the country, affecting all industries in about the same degree. It was possibly less severe than that of 1837, but business of all kinds was practically at a stand-still until 1860, and the expenses of the government exceeded its receipts. Manufacturers demanded an increase of duties for the purpose of reviving business, and the needs of the government likewise called for it. The president (Buchanan) in his message to Congress recommended specific instead of *ad valorem* duties as the best means of securing the revenue against false and fraudulent invoices. But this was in exact opposition to the policy to which the Democratic party was committed, and that party being in the majority in Congress, all attempts to revive and increase the tariff were unsuccessful. A few days before the close of the session a motion was made to suspend the rules to allow the introduction of a bill for that purpose, but it failed to receive the two-thirds vote required. As one would naturally infer, the principal objection was from the south. The vote on the motion stood: free states, 111 yeas, 22 nays; slave states, 17 yeas, 66 nays. Of those supporting the motion, but 31 were professed friends of the administration.

“If the purpose had been deliberate to drive gold out of the country, it could not have been more effect-

ually carried out than by the tariffs of 1846 and 1857," says Ellis H. Roberts.¹ Under the latter the government receipts were reduced so much that it was only by great difficulty that sufficient money could be obtained to meet the daily demands on the treasury. So great was the need that on December 27, 1857, Congress passed an act authorizing an issue of \$20,000,000 in treasury notes. And in addition a \$20,000,000 stock loan became necessary the next June. Howell Cobb, the secretary of the treasury, recommended an increase of duties, but Congress did nothing; and in the following September a loan of \$10,000,000 was called for. However, capitalists were unwilling to invest in United States stocks at par under the conditions then existing. \$11,000,000 of the authorized stock had not been issued, and the secretary thought it almost certain that it could not be negotiated upon terms satisfactory to the government. When Congress met in December he urged immediate action for the relief of the treasury, and the issue of \$10,000,000 in treasury notes in lieu of \$11,000,000 of stock was authorized.

The financial affairs of the government continued to grow worse, the indebtedness increasing so steadily and so rapidly as to greatly affect the public credit. On July 1, 1860, the debt amounted to \$64,769,703.08, with a balance in the treasury of but \$3,629,206.71. This large increase (from \$29,060,386.90

1. "Government Revenue," p. 114.

on July 1, 1857) was due solely to the reduction of the revenues to an absurdly low point. Secretary Cobb resigned some time after making his report, and was succeeded by Philip F. Thomas of Maryland, and he was in turn succeeded a month later by General John A. Dix, who served until the end of Buchanan's term. Another bill was passed, authorizing a loan of \$25,000,000, and instructing the president to borrow that amount at any time before July 1, 1861. Bonds were issued to the amount of \$18,415,000, at an aggregate discount of \$2,019,776.10, or at an average rate of \$89.03 per hundred dollars.

APPENDIX A.

DURING the period from 1861 to 1883, inclusive, according to Hon. Ellis H. Roberts,¹ forty-one tariff laws were enacted, most of which were brief and of little importance. Seven of them were "of vital consequence, first in bringing in money, and then in reducing the surplus revenue. The total space in the books devoted to the statutes bearing on duties within this period is one hundred and forty-three pages, but the important acts cover less than half this matter." The dates and purposes of these acts Mr. Roberts gives as follows:

✓ March 2, 1861, Morrill tariff, to provide for outstanding treasury notes, to authorize a loan, and to regulate and fix the duties on imports, twenty pages.

August 5, 1861, to provide increased revenue from imports, etc.; the tariff sections occupy nearly three pages.

December 24, 1861, to increase the duties on tea, coffee and sugar, one-half page.

July 14, 1862, increasing temporarily the duties on imports, seventeen and one-half pages.

March 3, 1863, modifying duties, one page.

June 30, 1864, to increase duties, sixteen pages.

March 3, 1865, amendments, two and one-half pages.

March 14, 1866, extending time for goods in warehouse, one-half page.

March 29, 1866, to amend the duties on wool, one-eighth page.

1. "Government Revenue," p. 118.

May 16, 1866, imposing a duty on live animals, nine lines.

July 28, 1866, to protect the revenue, four pages.

March 2, 1867, to provide increased revenue from imported wool, three pages.

March 25, 1867, levying duties on umbrellas and springs, one-eighth page.

March 26, 1867, admitting certain works of art free, one-half page.

July 23, 1868, admitting certain statuary free, seven lines.

February 19, 1869, admitting certain machinery free for repair only, one-eighth page.

February 24, 1869, regulating duties on copper, one-half page.

July 14, 1870, in the act reducing internal taxes, ten pages are devoted to the tariff.

December 22, 1870, amending the preceding concerning imposts on sugar, one-half page.

January 30, 1871, of bonded warehouses, one-fourth page.

February 10, 1871, to prevent smuggling, one page.

March 5, 1872, admitting certain works of art free, one-eighth page.

April 5, 1872, admitting goods for relief of sufferers by Chicago fire free, one-half page.

May 1, 1872, making tea and coffee free, nine lines.

June 6, 1872, to reduce imposts, eight pages.

June 10, 1872, to refund certain duties, one-eighth page.

February 14, 1873, to refund certain differential duties, one-half page.

March 1, 1873, to carry into effect the treaty of Washington, one and three-fourths pages.

March 3, 1873, brief amendments, one page.

May 9, 1874, relative to imported fruits, one-fourth page.

June 3, 1874, extending time for benefits of refunding acts, one-fourth page.

June 18, 1874, admitting free articles for the Centennial Exhibition, one-fourth page.

June 22, 1874, to repeal moieties, six pages.

February 8, 1875, to amend existing customs duties, two and one-fourth pages.

March 3, 1875, to protect the sinking fund, one and two-thirds pages.

March 3, 1875, to restrict refunding of duties, one page.

August 15, 1876, to carry into effect the Hawaiian treaty, one-half page.

July 20, 1876, imposing penalties for selling without paying duties articles from the Centennial Exhibition, one-half page.

July 1, 1879, making quinine free, five lines.

June 14, 1880, relative to duties on hoop-iron, three-fourths page.

May 4, 1882, concerning discriminating duties beyond the Cape of Good Hope, one-eighth page.

March 3, 1883, in the act to reduce internal taxation, and for other purposes, thirty-six pages relate to duties. Act of the Tariff Commission.

APPENDIX B.

MR. ROBERTS gives the following table of rates on total importations:¹

Under the tariff of	Lowest per cent.	Highest per cent.
1790	11.54 in 1792.	30.67 in 1802.
1804	14.07 in 1810.	37.22 in 1807.
1812	6.84 in 1815.	69.03 in 1813.
1816	16.78 in 1818.	47.72 in 1824.
1824	44.74 in 1828.	50.94 in 1827.
1828	44.23 in 1832.	50.73 in 1830.
1832	28.99 in 1833.	-----
1833	17.37 in 1841.	21.83 in 1834.
1842	20.13 in 1842.	30.50 in 1844.
1846	19.09 in 1856.	43.49 in 1848.
1857	14.21 in 1861.	17.32 in 1858.
1861	26.08 in 1862.	46.55 in 1869.

“The rate has not exceeded thirty per cent since 1876 on total importations. Since 1821, when, on dutiable articles, the rate was 30.99, the lowest rate on such articles was in 1861, 18.84. Except that year, the lowest was in 1859, 19.56, and the highest in 1830, 61.69. Since 1861 the lowest rate on dutiable commodities was in 1873, 38.14, and the highest in 1869, 48.69 per cent.

“Under the tariff of the Commission the rates are 42.08 on dutiable goods.

“The highest average rate of duties ever collected

1. Loc. cit., p. 127.

by the United States was in 1813, after the opening of the war with Great Britain, and that rate was 69.03 per cent. The lowest average rate was in 1815, at the close of that war, 6.84 per cent, when the importations were multiplied nearly nine times in a single year. These great changes occurred by the variations in commerce, without the modification of a single letter in the statutes.

“The average duties on total importations have never exceeded fifty per cent since 1829, when they rose to 57.33 per cent, nor have they ever exceeded fifty per cent on dutiable articles since the same year, when they amounted to 61.69 per cent. During the free trade period they ranged on dutiable articles from 19.56 in 1859 to 27.38 in 1852.

“Under the tariffs of the civil war, the average duties on dutiable articles have never exceeded 48.96 per cent, the rate in 1868, and they have never fallen below 32.62, the rate in 1862. On the total importations the maximum rate was reached in 1869, at 46.55, and after the check of the war, the minimum in 1880, at 29.78.”

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